

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Delhi Charter Township	County Ingham
Fiscal Year End 12/31/06	Opinion Date April 9, 2007	Date Audit Report Submitted to State April 17, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

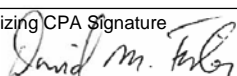
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Rehmann Robson		Telephone Number 517-787-6503		
Street Address 675 Robinson Road		City Jackson	State MI	Zip 49203
Authorizing CPA Signature 		Printed Name David M. Fisher, CPA		License Number 10337

Charter Township of Delhi

Holt, Michigan



Comprehensive Annual Financial Report

For the Year Ended December 31, 2006



REHMANN ROBSON

Certified Public Accountants

CHARTER TOWNSHIP OF DELHI
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2006

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INTRODUCTORY SECTION



DELHI CHARTER TOWNSHIP

2074 AURELIUS ROAD
PHONE: (517) 694-2136

HOLT, MICHIGAN 48842-6320
FAX: (517) 268-3069

April 9, 2007

To the Board of Trustees and the Citizens of Delhi Charter Township:

The Comprehensive Annual Financial Report (CAFR) for Delhi Charter Township, Michigan for the year ended December 31, 2006 is hereby submitted. The report represents a comprehensive and detailed picture of our financial transactions during fiscal year 2006 and the financial condition of the various funds as of the fiscal year end. The Management of Delhi Charter Township is responsible for the accuracy of data, completeness, and fairness of the presentation, including all disclosures.

Rehmann Robson, Certified Public Accountants, have issued an unqualified ("clean") opinion on Delhi Charter Township's financial statements for the year ended December 31, 2006. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of Delhi Charter Township

The Township was founded April 4, 1842 and is incorporated under the provisions of Public Act 359 of 1947 as amended. It became a Charter Township on September 18, 1961.

There are seven members elected to the Board of Trustees including a Supervisor (part-time), Clerk, Treasurer, and four Trustees. Board members serve four-year terms and have policy-making and legislative authority. The Board appoints the Township Manager who in turn appoints the department heads subject to confirmation by the Township Board.

The Township encompasses approximately 28.5 square miles and is located just south of Lansing, the capital city of Michigan. It is in close proximity to Michigan State University, Capitol City Airport, Lansing Community College, Cooley Law School, and two major hospitals. Population in 2006 is approximately 25,000 residents.



The following services are provided by the Township: fire and ambulance services; police services (contracted through Ingham County); parks and recreation; planning, building, and zoning, sanitary sewer collection and treatment, and cemetery. Public water is provided through the Lansing's Board of Water and Light; street lights are provided by either Consumers Power or Lansing's Board of Water and Light; public streets are under the jurisdiction of the Ingham County Road Commission; and public storm sewers are under the jurisdiction of the Ingham County Drain Commission.

The Board is required to adopt a final budget for the ensuing year by December 31st of the previous year. The budget is divided into various funds (e.g. general fund) is adopted by department (e.g. fire). Transfers between departments up to \$10,000 may be made by the Township Manager and reported to the Board at the next regular Board meeting. The Township Board must approve all budget amendments.

Local economy

During 2006, the State of Michigan continued to experience declines in revenue along with a relatively high unemployment rate of 6.9%. This contributed to a downturn in certain aspects of the Township's financial resources. For example, the Township receives revenue sharing dollars from the State which is based among other things, sales tax received by the State. The Township has received substantially fewer dollars in every year since 2001 when revenue sharing accounted for 30% of the total General Fund budget.

The Township experienced substantial growth in residential development during 2000-2005. This growth was substantially curtailed in 2006, and the resulting revenues in the Department of Community Development associated with this downturn (building permits, mechanical permits, etc.) have also declined.

Long-term financial planning

The Township Board has adopted a reserve policy whereby the Township will strive to maintain an amount of unreserved fund balance in the General Fund of no less than fifteen (15) percent of general fund operating expenditures. Unreserved, undesignated fund balance at 12/31/06 was 34% of general fund expenditures.

The fund balance in the General Fund has decreased every year since 2004. The Township Board and management staff continue to closely monitor the Township's reserves and look for methods to increase revenue and decrease expenditures. In recent years, there have been staff and benefit reductions.

Major initiatives

The Township is contributing towards and participating in a Capital Area Regional Emergency Medical Services and Fire Protection Cooperation Study being conducted by Michigan State University. This study will look at regional cooperation in the areas of

joint training/purchasing, a central garage, and automatic mutual aid (dispatching the nearest available response team regardless of jurisdiction).

The Township is also undertaking a study to compare the current costs of contracting police services with Ingham County and the Ingham County Sheriff to the cost of having its own police department.

The Township is funding the construction of a new recycling center at its POTW (wastewater treatment plant) site on Grovenburg Road. This center will replace centers that closed in the neighboring communities of Mason and Dimondale.

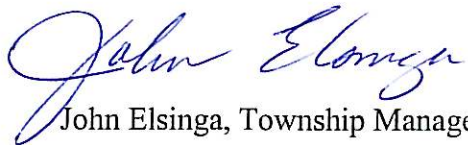
Awards and acknowledgements

The Township received the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for its annual budget document dated December 31, 2006. In order to qualify the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The Township is submitting this document, the comprehensive annual financial report (CAFR), to the Government Finance Officers Association for award consideration for the Certificate of Achievement for Excellence in Financial Reporting. It will be the first time the Township has applied for this award. If awarded, it will mean that the Township's CAFR is easily readable and efficiently organized satisfying both generally accepted accounting principles and applicable legal requirements.

The preparation of this report would not have been possible without the dedicated service of the Accounting Department along with the excellent cooperation from all Departments. We wish to express our sincere appreciation to all staff members who assisted in the preparation of this report.

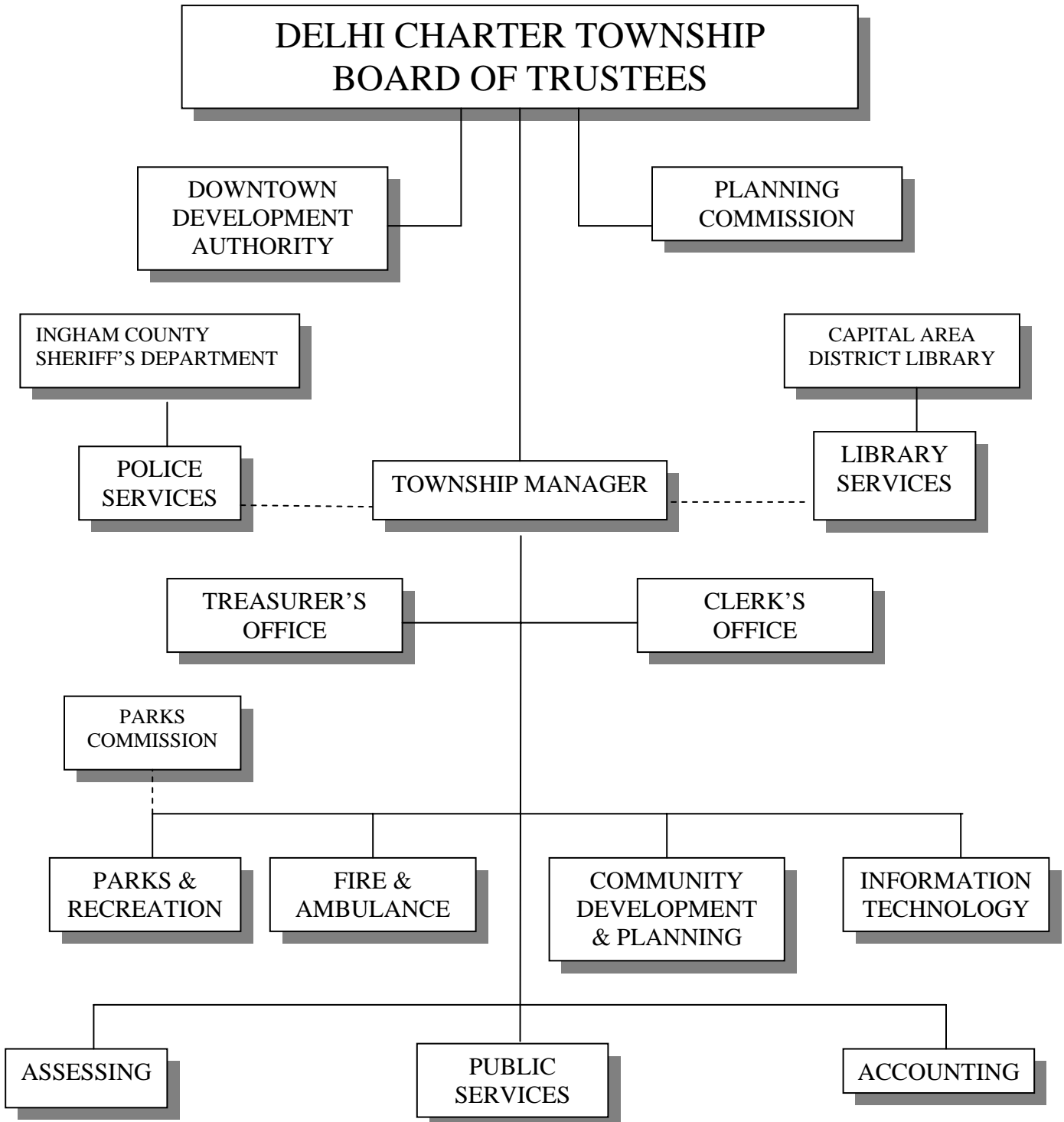
Respectfully submitted,


John Elsinga, Township Manager


Marian Frane, Director of Accounting



Delhi Charter Township Organizational Chart of Services





Board of Trustees

Supervisor	Stuart Goodrich
Clerk	Evan Hope
Treasurer	Harry R. Ammon
Trustee	John Hayhoe
Trustee	Paul Krepps
Trustee	Jerry Ketchum
Trustee	Roy Sweet

Executive Staff

Township Manager	John Elsinga
Accounting Director	Marian Frane
Assessor	Steve Hudson
Assistant Twp Mgr for Human Resources	Wendy Thielen
Community Development Director	Tracy Miller
Downtown Development Auth. Exec. Dir.	Al McFadyen
Fire Chief	Rick Royston
Information Technology Director	Jim Felton
Parks & Recreation Director	Mark Jenks
Public Services Director	Sandra Diorka

FINANCIAL SECTION



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



INDEPENDENT AUDITORS' REPORT

April 9, 2007

The Board of Trustees
Charter Township of Delhi
Holt, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the **CHARTER TOWNSHIP OF DELHI, MICHIGAN**, as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Delhi, Michigan, as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the general fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3-12 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Delhi's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large, prominent 'L' and 'J'.

MANAGEMENT'S DISCUSSION and ANALYSIS

Management's Discussion and Analysis

As management of Delhi Charter Township, Michigan, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2006.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$47,611,246 (*net assets*). Of this amount, \$7,726,782 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$1,055,112.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$4,413,696, a decrease of \$758,246 in comparison with the prior year. Over 99% of this total amount, or \$4,395,120, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$2,810,035 or 42 percent of total general fund expenditures.
- The Township's total bonded debt decreased by \$986,000 during the current fiscal year; no new debt was issued and \$986,000 of existing debt was retired.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include legislative, general government, public safety, public works, and parks and recreation. The business-type activities of the Township include sewer and community development operations.

The government-wide financial statements include not only the Township itself (known as the *primary government*), but also two legally separate authorities – the Downtown Development Authority and the Brownfield Redevelopment Authority – for which the Township is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13-15 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Parks and Recreation Fund, which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 16-22 of this report.

Proprietary funds. There are two types of proprietary funds – enterprise and internal service. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses two enterprise funds - one to account for its sanitary sewer operations and the other for community development. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Township’s various functions. The Township does not use internal service funds at this time.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 23-26 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Township’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 27-28 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-51 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which consists of this management’s discussion and analysis. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 52-69 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of Delhi Charter Township, assets exceeded liabilities by \$47,611,246 at the close of the most recent fiscal year.

By far the largest portion of the Township’s net assets (74 percent) reflects its investment in capital assets (e.g. infrastructure, land, buildings, equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Delhi Charter Township's Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	9,129,525	9,845,738	\$8,233,016	\$7,802,405	\$17,362,541	\$17,648,143
Capital assets, net	7,566,449	6,920,660	42,741,813	43,518,009	50,308,262	50,438,669
Total assets	16,695,974	16,766,398	50,974,829	51,320,414	67,670,803	68,086,812
Long-term liabilities	3,038,635	3,624,373	10,771,926	11,868,606	13,810,561	15,492,979
Other liabilities	4,485,949	4,423,713	1,763,047	1,743,212	6,248,996	6,166,925
Total liabilities	7,524,584	8,048,086	12,534,973	13,611,818	20,059,557	21,659,904
Net assets:						
Invested in capital assets, net of related debt	4,180,266	2,904,787	30,873,207	30,568,426	35,053,473	33,473,213
Restricted	1,586,782	1,676,748	3,244,209	3,275,154	4,830,991	4,951,902
Unrestricted	3,404,342	4,136,777	4,322,440	3,865,016	7,726,782	8,001,793
Total Net Assets	\$9,171,390	\$8,718,312	\$38,439,856	\$37,708,596	\$47,611,246	\$46,426,908

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

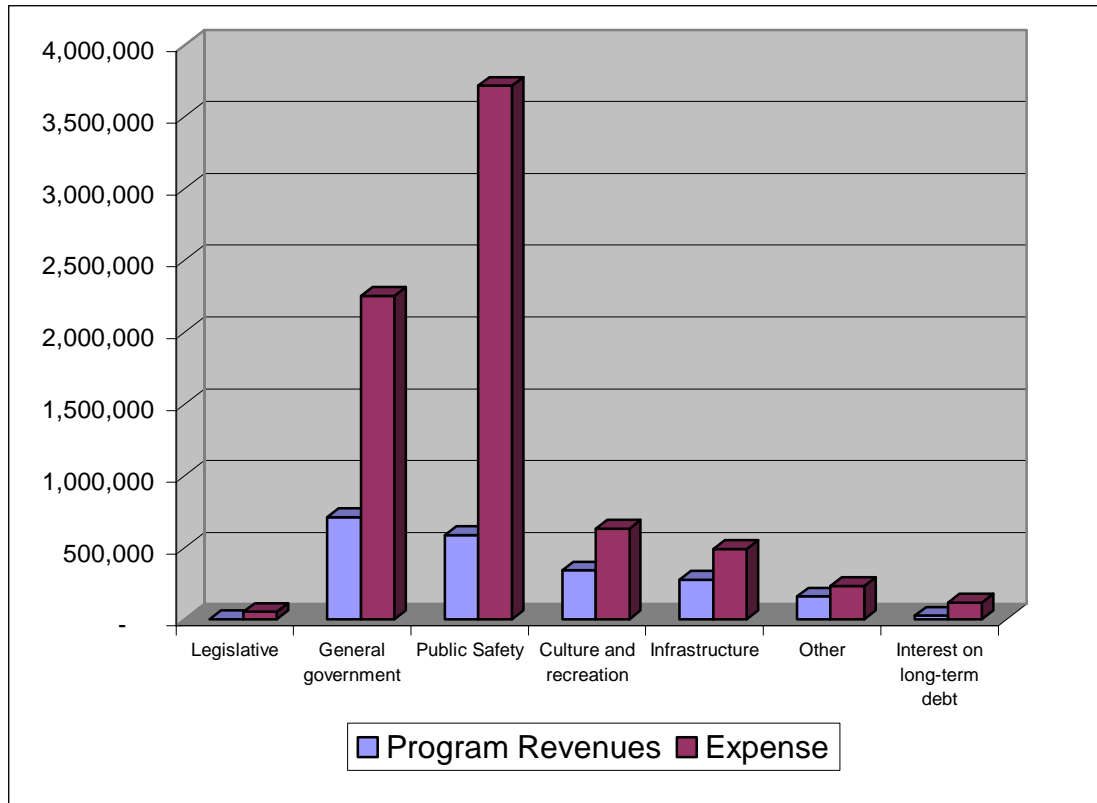
The government's net assets increased by \$1,055,112 during the current fiscal year. The majority of this growth largely reflects the degree to which ongoing revenues exceeded ongoing expenses.

Delhi Charter Township's Changes in Net Assets

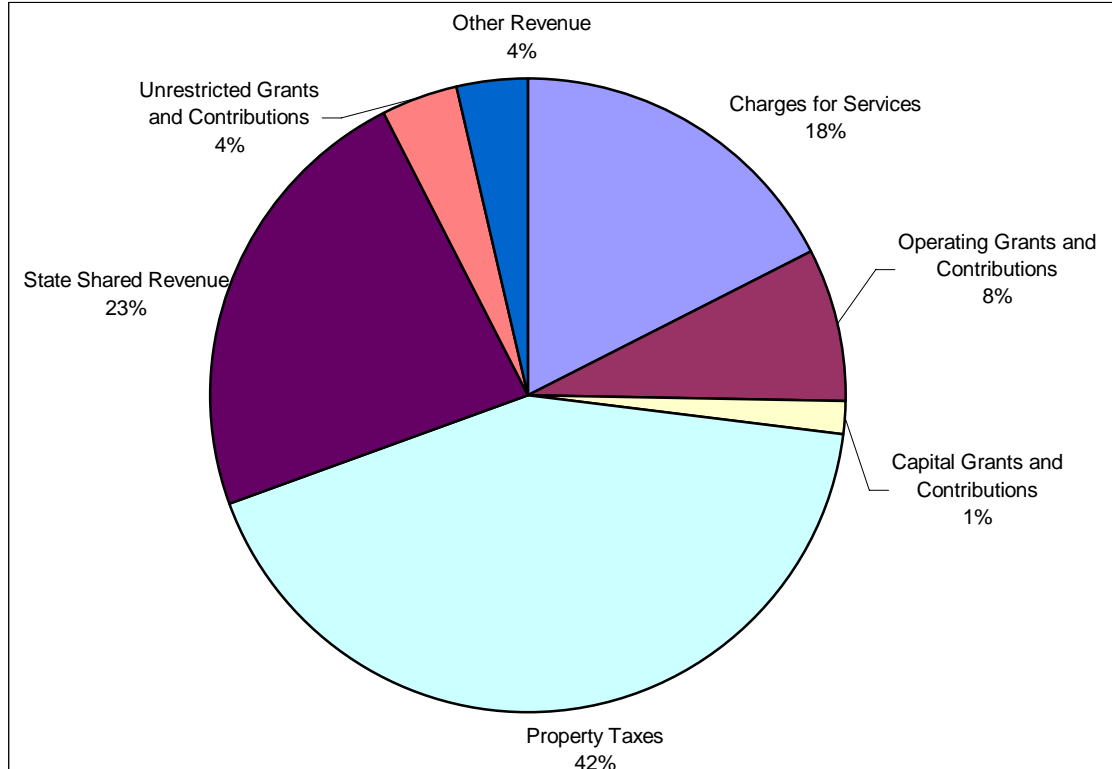
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenue:						
Program revenues:						
Charges for services	\$ 1,373,491	\$ 1,249,551	\$ 5,865,043	\$ 6,279,837	\$ 7,238,534	\$ 7,529,388
Operating grants and contributions	608,514	459,807	388,458	250,731	996,972	710,538
Capital grants and contributions	114,693	(3,396)	253,243	1,550,284	367,936	1,546,888
General revenues:						
Property taxes	3,325,504	3,083,557	-	-	3,325,504	3,083,557
State shared revenue	1,798,179	1,845,018	-	-	1,798,179	1,845,018
Unrestricted grants and contributions	311,693	313,785	242,789	-	554,482	313,785
Other	279,855	257,943	5,017	-	284,872	257,943
Total revenues	7,811,929	7,206,265	6,754,550	8,080,852	14,566,479	15,287,117
Expenses:						
Legislative	52,332	52,334	-	-	52,332	52,334
General government	1,932,514	1,834,790	-	-	1,932,514	1,834,790
Public safety	3,890,919	3,629,755	-	-	3,890,919	3,629,755
Engineering	-	70,538	-	-	-	70,538
Recreation and cultural	770,980	741,668	-	-	770,980	741,668
Infrastructure	488,254	350,107	-	-	488,254	350,107
Other governmental activities	237,858	209,611	-	-	237,858	209,611
Interest on long-term debt	115,218	139,856	-	-	115,218	139,856
Sewer	-	-	5,423,789	5,304,487	5,423,789	5,304,487
Community Development	-	-	599,503	545,424	599,503	545,424
Total expenses	7,488,075	7,028,659	6,023,292	5,849,911	13,511,367	12,878,570
Increase (decrease) in net assets	323,854	177,606	731,258	2,230,941	1,055,112	2,408,547
Net assets (deficit), beginning of year, as restated	8,847,536	8,540,706	37,708,598	35,477,655	46,556,134	44,018,361
Net assets, end of year	\$ 9,171,390	\$ 8,718,312	\$ 38,439,856	\$ 37,708,596	\$ 47,611,246	\$ 46,426,908

Governmental activities. Governmental activities increased the Township's net assets by \$323,854 during fiscal year 2006.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

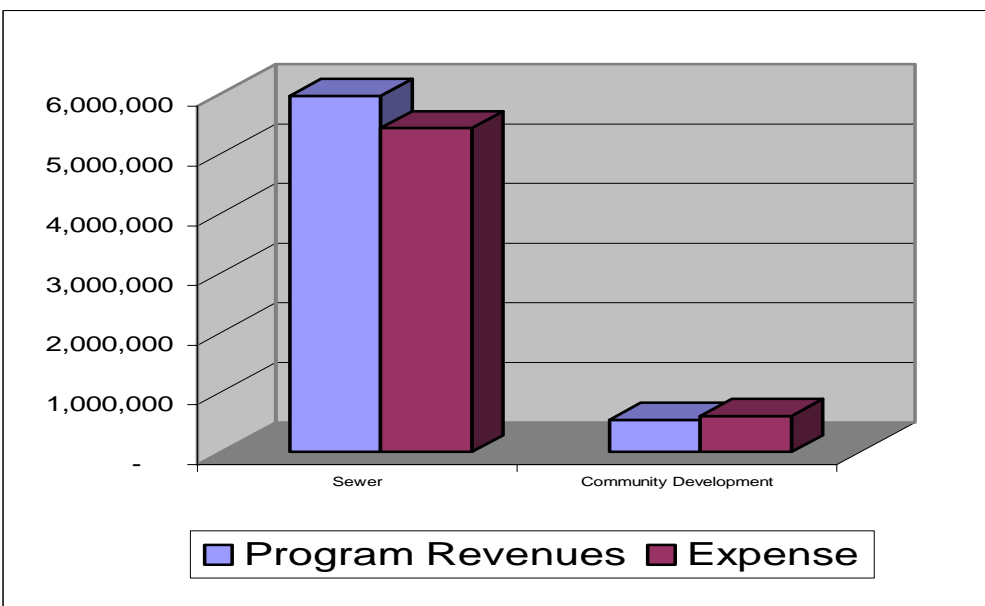


Business-type activities. Business-type activities increased the Township's net assets by \$731,258 during fiscal year 2006.

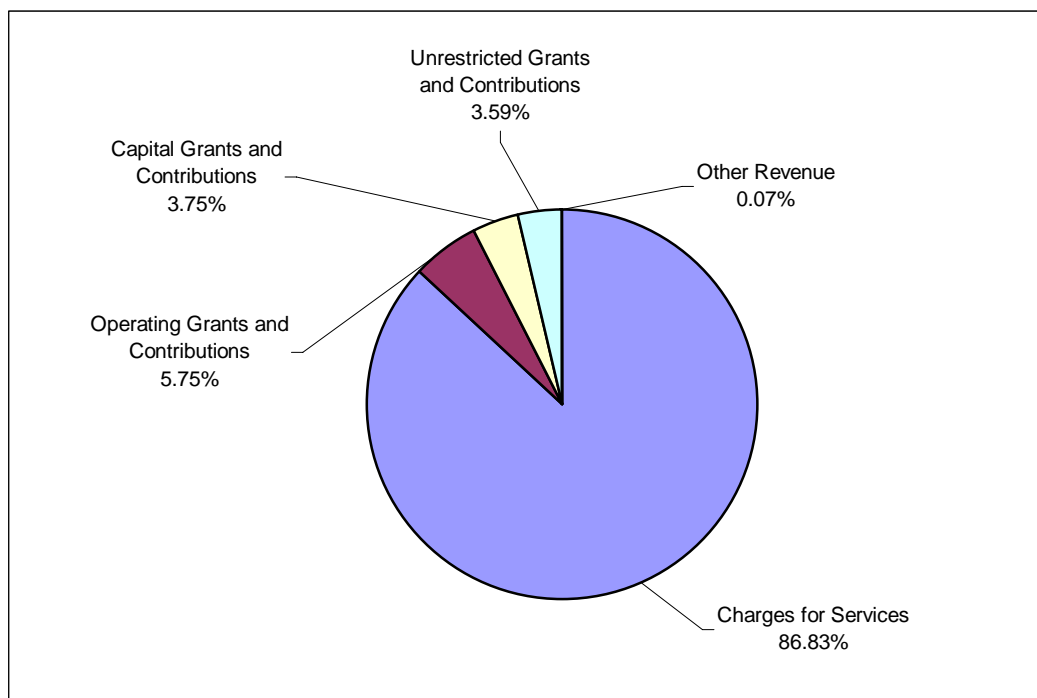
- Key elements of this increase are as follows:

- The majority of increases resulted from the degree to which charges for services exceeded ongoing expenses.
- Interest income increased by approximately \$114,000.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$4,413,696 a decrease of \$758,246 in comparison with the prior year. Approximately 99 percent of this total amount constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed for prepaid expenditures (\$18,576).

The General Fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,810,035 while total fund balance was \$2,826,914. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 42 percent of total general fund expenditures.

The fund balance of the Township's General Fund decreased by \$668,283 during the current fiscal year. Key factors for this decline are:

- For the fourth consecutive year state shared revenues have been lower than the amount received in fiscal year 2001. In fiscal year 2006 the Township received \$491,126 less from the State than it received in fiscal year 2001 (the last year in which state revenues did not decline).
- The operating transfers to the Parks and Recreation Fund was \$240,869 higher than last year. This increase was largely due to funding the completion of the Skate Park and continued construction in the Veterans Park.

The Parks and Recreation fund has a total fund balance of \$10,571, which decreased by \$81,998 during the year. This decrease in fund balance was due to the park projects described above – completion of the Skate Park and construction in the Veterans Park.

Proprietary funds. The Township's proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

Total net assets of the Sewer Fund at the end of the year amounted to \$38,411,287; an increase for the year of \$786,064. Other factors concerning the finances of this fund has already been addressed in the discussion of the Township's business-type activities.

General Fund Budgetary Highlights

During the year there was a \$969,200 increase in appropriations between the original and final amended budget. The main components of this increase were:

- \$283,000 increase in the operating transfer to the Parks and Recreation fund for the Skate Park and a mower;
- \$400,000 supplemental appropriation for remodeling the Community Service Center;
- \$100,000 supplemental appropriation for additional overtime in the Fire Department to cover vacancies resulting from resignations;
- \$92,000 for additional street improvements;
- \$75,000 to conduct a mid-decade special census

The increase in appropriations was somewhat offset by higher interest earnings and ambulance fees than originally projected.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental and business type activities as of December 31, 2006, amounted to \$50,308,262 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, infrastructure, buildings and improvements, park and recreation facilities, machinery and equipment and construction in progress. The total decrease in the Township's investment in capital assets for the current fiscal year was less than 1 percent (a 9 percent increase for governmental activities and a 2 percent decrease for business-type activities).

Major capital asset events during the fiscal year included the following:

- Remodeled the Community Services Center for \$385,112.
- Constructed a skate park for \$192,830.
- Purchased a new ambulance for \$113,294.
- Purchased sewer computer modeling software for \$188,497.
- Added several sewer lines for \$282,917.

**Delhi Charter Township's Capital Assets
(net of depreciation)**

	Governmental Activities		Business Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 1,511,337	\$ 1,511,337	\$ 776,635	\$ 776,635	\$ 2,287,972	\$ 2,287,972
Infrastructure systems	360,306	370,314	36,866,365	38,173,881	37,226,671	38,544,195
Buildings and improvements	3,012,950	2,752,291	1,255,663	1,279,155	4,268,613	4,031,446
Land improvements	1,345,914	1,264,609	-	-	1,345,914	1,264,609
Machinery and equipment	294,611	173,067	131,680	102,559	426,291	275,626
Furniture and office equipment	110,615	108,856	90,873	72,059	201,488	180,915
Computer equipment and programs	67,093	84,822	196,597	8,603	263,690	93,425
Vehicles	619,478	622,465	466,360	445,561	1,085,838	1,068,026
Construction in progress	244,145	32,899	2,957,640	2,659,556	3,201,785	2,692,455
Total	\$ 7,566,449	\$ 6,920,660	\$ 42,741,813	\$ 43,518,009	\$ 50,308,262	\$ 50,438,669

Additional information on the Township's capital assets can be found in note 3-C on pages 40-42 of this report.

Long-term debt. At the end of the current fiscal year, the Township had total debt outstanding of \$15,254,789. Of this amount, \$9,885,000 comprises debt backed by the full faith and credit of the government.

Delhi Charter Township's Outstanding Debt

	Governmental Activities		Business Type Activities		Total	
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$ 2,597,430	\$ 2,984,060	\$ 7,287,570	\$ 7,620,940	\$ 9,885,000	\$10,605,000
Special assessment bonds	160,964	229,357	596,036	793,643	757,000	1,023,000
Other long-term debt	627,789	673,228	3,985,000	4,535,000	4,612,789	5,208,228
Total	\$ 3,386,183	\$ 3,886,645	\$11,868,606	\$12,949,583	\$15,254,789	\$16,836,228

The Township's total bonded debt decreased by \$986,000 (8 percent), down to \$10,642,000 during 2006. No new bonds were issued.

The Township has an "A+" rating from Standard & Poor's. This is their highest rating and reflects a strong capacity to repay the debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the Township is \$86,776,175, which is significantly in excess of the Township's outstanding general obligation debt.

Additional information on the Township's long-term debt can be found in note 3-F on pages 44-48 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Township's budget for the 2007 fiscal year:

- The emphasis on reducing costs yet providing quality services to our citizens continued to be a major consideration in the 2007 budget development.
- Health care expenditures were budgeted at a 5% increase with the anticipation of reducing the benefits provided through employee deductibles, requiring higher employee co-payments, or both.
- While the total ad valorem taxable values increased 7.25 percent from 2005 to 2006, that increase drops to 5.18% when the tax to be captured by the Downtown Development Authority (DDA) is taken into consideration. During that same time, the DDA's taxable value increased 15.62%. The disparity between those rates will need to be addressed through contributions in operating expenditures within the DDA.
- We should expect a continued decline in state revenue sharing as long as the State experiences a short fall in their revenues.

During the current fiscal year, unreserved fund balance in the General Fund decreased to \$2,810,035. The Township has appropriated \$337,050 of this amount for spending in the 2007 fiscal year budget. Such appropriation is intended to offset declines in state shared revenues coupled with increasing costs while attempting to maintain current staffing levels and service commitments to the public.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Accounting, 2074 Aurelius Road, Holt, Michigan 48842-6320. Phone (517) 68-3021. E-mail: marian.frane@delhitownship.com.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF DELHI
Statement of Net Assets
December 31, 2006

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 1,913,989	\$ 1,416,284	\$ 3,330,273	\$ 917,799
Investments	2,024,694	4,856,692	6,881,386	3,344,846
Receivables, net	5,152,158	1,706,098	6,858,256	3,249,026
Internal balances	(3,793)	3,793	-	-
Prepays and other assets	42,477	250,149	292,626	2,040
Capital assets not being depreciated	1,755,482	3,734,275	5,489,757	4,033,998
Capital assets being depreciated, net	5,810,967	39,007,538	44,818,505	1,497,954
 Total assets	 16,695,974	 50,974,829	 67,670,803	 13,045,663
Liabilities				
Accounts payable and accrued expenses	272,259	665,537	937,796	849,081
Unearned revenue	3,588,886	830	3,589,716	2,634,072
Long-term liabilities:				
Due within one year	624,804	1,096,680	1,721,484	298,771
Due in more than one year	3,038,635	10,771,926	13,810,561	3,993,339
 Total liabilities	 7,524,584	 12,534,973	 20,059,557	 7,775,263
Net assets				
Invested in capital assets, net of related debt	4,180,266	30,873,207	35,053,473	1,256,877
Restricted for:				
Debt service	161,259	381,055	542,314	-
Other purposes	1,425,523	2,863,154	4,288,677	-
Unrestricted	3,404,342	4,322,440	7,726,782	4,013,523
 Total net assets	 \$ 9,171,390	 \$ 38,439,856	 \$ 47,611,246	 \$ 5,270,400

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF DELHI
Statement of Activities
For the Year Ended December 31, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 52,332	\$ -	\$ -	\$ -	\$ (52,332)
General government	1,932,514	711,788	-	-	(1,220,726)
Public safety	3,890,919	546,463	40,576	-	(3,303,880)
Recreation and cultural	770,980	115,240	224,682	-	(431,058)
Infrastructure	488,254	-	205,676	69,219	(213,359)
Other governmental activities	237,858	-	126,838	31,608	(79,412)
Interest on long-term debt	115,218	-	10,742	13,866	(90,610)
Total governmental activities	<u>7,488,075</u>	<u>1,373,491</u>	<u>608,514</u>	<u>114,693</u>	<u>(5,391,377)</u>
Business-type activities:					
Sewer	5,423,789	5,404,117	309,704	253,243	543,275
Community development	599,503	460,926	78,754	-	(59,823)
Total business-type activities:	<u>6,023,292</u>	<u>5,865,043</u>	<u>388,458</u>	<u>253,243</u>	<u>483,452</u>
Total primary government	<u>\$ 13,511,367</u>	<u>\$ 7,238,534</u>	<u>\$ 996,972</u>	<u>\$ 367,936</u>	<u>\$ (4,907,925)</u>
Component units					
Brownfield redevelopment	\$ 182,470	\$ -	\$ 662	\$ -	\$ (181,808)
Downtown development	1,232,610	19,262	196,341	-	(1,017,007)
Total component units	<u>\$ 1,415,080</u>	<u>\$ 19,262</u>	<u>\$ 197,003</u>	<u>\$ -</u>	<u>\$ (1,198,815)</u>

continued...

CHARTER TOWNSHIP OF DELHI
Statement of Activities (Concluded)
For the Year Ended December 31, 2006

Functions/Programs	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (5,391,377)	\$ 483,452	\$ (4,907,925)	\$ (1,198,815)
General revenues:				
Property taxes	3,325,504	-	3,325,504	3,129,749
State shared revenue	1,798,179	-	1,798,179	-
Grants and contributions not restricted to specific programs	311,693	242,789	554,482	-
Unrestricted investment earnings	273,927	-	273,927	-
Gain on sale of capital assets	10,945	-	10,945	-
Transfers - internal activities	(5,017)	5,017	-	-
 Total general revenues	 5,715,231	 247,806	 5,963,037	 3,129,749
 Change in net assets	 323,854	 731,258	 1,055,112	 1,930,934
 Net assets, beginning of year, as restated	 8,847,536	 37,708,598	 46,556,134	 3,339,466
 Net assets, end of year	 \$ 9,171,390	 \$ 38,439,856	 \$ 47,611,246	 \$ 5,270,400

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF DELHI
Balance Sheet
Governmental Funds
December 31, 2006

	General	Parks and Recreation	Nonmajor Funds	Totals
Assets				
Cash and cash equivalents	\$ 427,078	\$ 54,237	\$ 1,432,674	\$ 1,913,989
Investments	1,858,026	-	166,668	2,024,694
Taxes receivable	2,982,443	-	760,623	3,743,066
Special assessments receivable	94,533	-	796,883	891,416
Other receivables	350,759	10,429	-	361,188
Due from component unit	156,488	-	-	156,488
Prepays	16,879	1,697	-	18,576
<u>TOTAL ASSETS</u>	<u>\$ 5,886,206</u>	<u>\$ 66,363</u>	<u>\$ 3,156,848</u>	<u>\$ 9,109,417</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ 110,740	\$ 49,338	\$ 29,205	\$ 189,283
Accrued liabilities	47,579	6,454	-	54,033
Due to other funds	3,793	-	-	3,793
Deferred revenue	2,897,180	-	1,551,432	4,448,612
Total liabilities	3,059,292	55,792	1,580,637	4,695,721
Fund balances				
Reserved for prepaids	16,879	1,697	-	18,576
Unreserved, designated for debt service	-	-	402,384	402,384
Unreserved:				
Designated for drain improvements	230,932	-	-	230,932
Undesignated	2,579,103	8,874	-	2,587,977
Undesignated, reported in nonmajor:				
Special revenue funds	-	-	1,012,568	1,012,568
Debt service funds	-	-	161,259	161,259
Total fund balances	2,826,914	10,571	1,576,211	4,413,696
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 5,886,206</u>	<u>\$ 66,363</u>	<u>\$ 3,156,848</u>	<u>\$ 9,109,417</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF DELHI
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets
of Governmental Activities on the Statement of Net Assets
December 31, 2006

Fund balances - total governmental funds	\$ 4,413,696
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.

Add: capital assets not being depreciated	1,755,482
Add: capital assets being depreciated, net	5,810,967

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.

Add: deferred long-term receivables	859,726
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Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Subtract: bonds payable and other long-term debt	(3,386,183)
Subtract: compensated absences	(277,256)
Subtract: accrued interest on long-term liabilities	(28,943)
Add: unamortized bond issue costs on refunding	23,901

Net assets of governmental activities	<u><u>\$ 9,171,390</u></u>
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The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF DELHI
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Parks and Recreation	Nonmajor Funds	Totals
Revenue				
Taxes	\$ 2,591,174	\$ -	\$ 734,330	\$ 3,325,504
Special assessments	288,841	-	45,474	334,315
Intergovernmental	1,896,685	-	-	1,896,685
Licenses and permits	17,215	-	-	17,215
Charges for services	1,241,036	115,240	92,713	1,448,989
Interest	273,927	-	80,943	354,870
Other	563,193	224,682	-	787,875
Total revenue	6,872,071	339,922	953,460	8,165,453
Expenditures				
Current:				
Legislative	52,332	-	-	52,332
General government	2,046,388	-	-	2,046,388
Public safety	3,498,826	-	180,353	3,679,179
Infrastructure	488,254	-	-	488,254
Recreation and cultural	-	630,761	-	630,761
Other	223,883	-	6,530	230,413
Debt service:				
Principal	12,151	33,288	455,023	500,462
Interest	-	15,903	97,999	113,902
Capital outlay	428,466	493,425	279,810	1,201,701
Total expenditures	6,750,300	1,173,377	1,019,715	8,943,392
Revenue over (under) expenditures	121,771	(833,455)	(66,255)	(777,939)
Other financing sources (uses)				
Proceeds from sale of capital assets	6,210	1,710	16,790	24,710
Transfers in	-	749,747	44,770	794,517
Transfers out	(796,264)	-	(3,270)	(799,534)
Total other financing sources (uses)	(790,054)	751,457	58,290	19,693
Net change in fund balances	(668,283)	(81,998)	(7,965)	(758,246)
Fund balances, beginning of year	3,495,197	92,569	1,584,176	5,171,942
Fund balances, end of year	<u>\$ 2,826,914</u>	<u>\$ 10,571</u>	<u>\$ 1,576,211</u>	<u>\$ 4,413,696</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF DELHI
Reconciliation of the Statement of Revenue, Expenditures
and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2006

Net change in fund balances - total governmental funds	\$	(758,246)
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Amounts reported for *governmental activities* in the statement of activities are different different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: capital outlay		1,200,653
Subtract: depreciation expense		(541,099)
Subtract: proceeds from sale of capital assets		(24,710)
Add: gain on disposal of capital assets		10,945

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Subtract: change in deferred special assessments receivable		(23,952)
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term-liabilities.

Add: principal payments on long-term liabilities		500,462
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Subtract: change in accrued interest on bonds		(1,316)
Subtract: increase in the accrual of compensated absences		(38,883)

Change in net assets of governmental activities	\$	<u>323,854</u>
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The accompanying notes are an integral part of these financial statement

CHARTER TOWNSHIP OF DELHI
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2006

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Revenue				
Taxes	\$ 2,555,430	\$ 2,587,430	\$ 2,591,174	\$ 3,744
Special assessments	219,900	248,660	288,841	40,181
Intergovernmental	2,079,090	1,896,500	1,896,685	185
Licenses and permits	15,200	17,000	17,215	215
Charges for services	1,090,900	1,176,640	1,241,036	64,396
Interest	146,000	235,000	273,927	38,927
Other	564,360	576,720	563,193	(13,527)
Total revenue	6,670,880	6,737,950	6,872,071	134,121
Expenditures				
Legislative:				
Board of Trustees	57,050	55,670	52,332	(3,338)
General government:				
Supervisor	316,870	330,050	328,276	(1,774)
Accounting	169,700	166,880	160,174	(6,706)
Clerk	296,650	381,570	358,895	(22,675)
Computer	233,870	221,310	203,784	(17,526)
Treasurer	287,200	288,090	281,841	(6,249)
Assessor	314,000	289,300	269,513	(19,787)
Elections	43,300	57,540	56,941	(599)
Building and grounds	331,700	341,920	323,049	(18,871)
Cemetery	59,650	72,450	63,915	(8,535)
Total general government	2,052,940	2,149,110	2,046,388	(102,722)
Public safety:				
Police	2,152,180	2,166,680	2,161,957	(4,723)
Fire	1,376,450	1,508,540	1,336,869	(171,671)
Total public safety	3,528,630	3,675,220	3,498,826	(176,394)
Infrastructure	526,549	575,549	488,254	(87,295)

CHARTER TOWNSHIP OF DELHI
Budget and Actual (Concluded)
Budget and Actual
General Fund
For the Year Ended December 31, 2006

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Expenditures (concluded)				
Other	\$ 267,700	\$ 242,500	\$ 223,883	\$ (18,617)
Debt service - principal	12,151	12,151	12,151	-
Capital outlay	52,800	448,040	428,466	(19,574)
Total expenditures	6,497,820	7,158,240	6,750,300	(407,940)
Revenue over (under) expenditures	173,060	(420,290)	121,771	542,061
Other financing sources (uses)				
Proceeds from sale of capital assets	1,000	(6,200)	6,210	12,410
Transfers out	(553,630)	(862,410)	(796,264)	66,146
Total other financing (uses)	(552,630)	(868,610)	(790,054)	78,556
Net change in fund balances	(379,570)	(1,288,900)	(668,283)	620,617
Fund balance, beginning of year	3,495,197	3,495,197	3,495,197	-
Fund balance, end of year	\$ 3,115,627	\$ 2,206,297	\$ 2,826,914	\$ 620,617

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF DELHI
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
Parks and Recreation Fund
For the Year Ended December 31, 2006

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Revenue				
Charges for services	\$ 120,250	\$ 128,070	\$ 115,240	\$ (12,830)
Other revenue	9,150	202,870	224,682	21,812
Total revenue	129,400	330,940	339,922	8,982
Expenditures				
Current:				
Recreation and cultural	613,530	642,770	630,761	(12,009)
Debt service:				
Principal	6,000	33,340	33,288	(52)
Interest	6,000	15,700	15,903	203
Capital outlay	22,500	517,020	493,425	(23,595)
Total expenditures	648,030	1,208,830	1,173,377	(35,453)
Revenue over (under) expenditures	(518,630)	(877,890)	(833,455)	44,435
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	1,710	1,710
Transfers (out)	519,630	795,890	749,747	(46,143)
Total other financing sources (uses)	519,630	795,890	751,457	(44,433)
Net changes in fund balances	1,000	(82,000)	(81,998)	2
Fund balances, beginning of year	92,569	92,569	92,569	-
Fund balances end of year	\$ 93,569	\$ 10,569	\$ 10,571	\$ 2

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF DELHI
Statement of Net Assets
Enterprise Funds
December 31, 2006

		Non-Major Fund	
	Sewer	Community Development	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 132,578	\$ 75,013	\$ 207,591
Investments	2,821,176	-	2,821,176
Special assessments receivable	566,173	20,386	586,559
Other receivables	876,422	328	876,750
Due from other governments	242,789	-	242,789
Due from other funds	3,793	-	3,793
Prepays	18,036	989	19,025
Other assets	231,124	-	231,124
Total current assets	4,892,091	96,716	4,988,807
Noncurrent assets:			
Restricted cash, cash equivalents and investments:			
Debt service cash and cash equivalents	381,055	-	381,055
Replacement and construction cash and cash equivalents	827,638	-	827,638
Replacement and construction investments	2,035,516	-	2,035,516
Capital assets not being depreciated	3,734,275	-	3,734,275
Capital assets being depreciated, net	39,002,772	4,766	39,007,538
Total noncurrent assets	45,981,256	4,766	45,986,022
Total assets	50,873,347	101,482	50,974,829
Liabilities			
Current liabilities:			
Accounts payable	273,008	18,010	291,018
Accrued liabilities	123,418	54,073	177,491
Interest payable	141,565	-	141,565
Deposits payable	55,463	-	55,463
Unearned revenue	-	830	830
Current portion of long-term debt	1,096,680	-	1,096,680
Total current liabilities	1,690,134	72,913	1,763,047
Long-term liabilities:			
Due in more than one year	10,771,926	-	10,771,926
Total liabilities	12,462,060	72,913	12,534,973
Net assets			
Invested in capital assets, net of related debt	30,868,441	4,766	30,873,207
Restricted for:			
Replacement	2,207,173	-	2,207,173
Debt service	381,055	-	381,055
Construction projects and special assessments	655,981	-	655,981
Unrestricted	4,298,637	23,803	4,322,440
Total net assets	\$ 38,411,287	\$ 28,569	\$ 38,439,856

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF DELHI
Statement of Revenue, Expenses
and Changes in Fund Net Assets
Enterprise Funds
For the Year Ended December 31, 2006

		Non-Major Fund	
	Sewer	Community Development	Total
Operating revenue			
Charges for services	\$ 4,559,434	\$ 79,074	\$ 4,638,508
Permits and fees	603,400	381,852	985,252
Other operating revenue	236,423	72,566	308,989
Total operating revenue	5,399,257	533,492	5,932,749
Operating expense			
Cost of services	3,004,623	596,316	3,600,939
Depreciation	1,798,927	3,187	1,802,114
Total operating expense	4,803,550	599,503	5,403,053
Operating income (loss)	595,707	(66,011)	529,696
Non-operating revenue (expenses)			
Non-operating grants	242,789	-	242,789
Interest and rentals	314,564	6,188	320,752
Loss on disposal of capital assets	(9,867)	-	(9,867)
Interest expense	(610,372)	-	(610,372)
Total non-operating revenue (expenses)	(62,886)	6,188	(56,698)
Net income (loss) before capital contributions and transfers	532,821	(59,823)	472,998
Capital contributions	253,243	-	253,243
Transfers in	-	5,017	5,017
Change in net assets	786,064	(54,806)	731,258
Net assets, beginning of year	37,625,223	83,375	37,708,598
Net assets, end of year	<u>\$ 38,411,287</u>	<u>\$ 28,569</u>	<u>\$ 38,439,856</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF DELHI
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2006

		Non-Major Fund	
	Sewer	Community Development	Total
Cash flows from operating activities			
Cash received from customers	\$ 5,360,232	\$ 501,226	\$ 5,861,458
Cash payments to suppliers for goods and services	(1,876,450)	(212,142)	(2,088,592)
Cash payments to employees for services	(1,067,454)	(371,569)	(1,439,023)
Net cash provided by (used in) operating activities	2,416,328	(82,485)	2,333,843
Cash flows from capital and related financing activities			
Purchase of capital assets	(793,312)	-	(793,312)
Interest payments	(610,372)	-	(610,372)
Principal payments	(1,080,977)	-	(1,080,977)
Net cash used by capital and related financing activities	(2,484,661)	-	(2,484,661)
Cash flows from investing activities			
Purchase of investments	(909,544)	-	(909,544)
Interest and rental earnings	314,564	6,188	320,752
Net cash provided by (used in) investing activities	(594,980)	6,188	(588,792)
Net increase (decrease) in cash and cash equivalents	(663,313)	(76,297)	(739,610)
Cash and cash equivalents, beginning of year	2,004,584	151,310	2,155,894
Cash and cash equivalents, end of year	\$ 1,341,271	\$ 75,013	\$ 1,416,284
Statement of Net Assets classification of cash:			
Cash and cash equivalents	\$ 132,578	\$ 75,013	\$ 207,591
Restricted cash and cash equivalents	1,208,693	-	1,208,693
	\$ 1,341,271	\$ 75,013	\$ 1,416,284

CHARTER TOWNSHIP OF DELHI
Statement of Cash Flows
Enterprise Funds (Concluded)
For the Year Ended December 31, 2006

		Non-Major Fund	
	Sewer	Community Development	Total
Cash flows from operating activities			
Operating income (loss)	\$ 595,707	\$ (66,011)	\$ 529,696
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,798,927	3,187	1,802,114
(Increase) decrease in:			
Special assessments receivable	44,367	(3,782)	40,585
Other receivables	(83,392)	(328)	(83,720)
Prepaid expenses	(7,861)	119	(7,742)
Increase (decrease) in:			
Accounts payable	(17,322)	10,092	(7,230)
Accrued expenses	54,299	2,394	56,693
Deposits payable	31,603	-	31,603
Unearned revenue	-	(28,156)	(28,156)
Net cash provided by (used in) operating activities	<u>\$ 2,416,328</u>	<u>\$ (82,485)</u>	<u>\$ 2,333,843</u>

Non-cash transactions:

Contributions of capital assets amounting to \$253,343 were made during the year 2006 to record the cost of sewer systems accepted by the Township from various developers.

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF DELHI
Statement of Fiduciary Net Assets
December 31, 2006

	<u>Private Purpose Trust Cemetery</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 72,582	\$ 14,687,853
Taxes receivable	<u>-</u>	<u>16,908,237</u>
Total assets	<u>72,582</u>	<u>\$ 31,596,090</u>
Liabilities		
Due to other governments	-	\$ 31,075,127
Undistributed receipts	<u>100</u>	<u>520,963</u>
Total liabilities	<u>100</u>	<u>\$ 31,596,090</u>
Net assets		
Held in trust for individuals	<u>\$ 72,482</u>	

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF DELHI
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Year Ended December 31, 2006

	<u>Private Purpose Trust Cemetery</u>
Additions	
Interest	\$ 3,164
Deductions	
Cemetery perpetual care	<u>-</u>
Change in net assets	3,164
Net assets, beginning of year	<u>69,318</u>
Net assets, end of year	<u><u>\$ 72,482</u></u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF DELHI
Combining Statement of Net Assets
Component Units
December 31, 2006

	Brownfield Redevelopment Authority	Downtown Development Authority	Total
Assets			
Cash and cash equivalents	\$ 31,566	\$ 886,233	\$ 917,799
Investments	-	3,344,846	3,344,846
Receivables, net	149,516	3,099,510	3,249,026
Prepaid items and other assets	-	2,040	2,040
Capital assets not being depreciated	-	4,033,998	4,033,998
Capital assets being depreciated, net	-	1,497,954	1,497,954
Total assets	181,082	12,864,581	13,045,663
Liabilities			
Accounts payable and accrued expenses	233	848,848	849,081
Unearned revenue	156,745	2,477,327	2,634,072
Long-term liabilities:			
Due within one year	-	298,771	298,771
Due in more than one year	-	3,993,339	3,993,339
Total liabilities	156,978	7,618,285	7,775,263
Net assets			
Invested in capital assets, net of related debt	-	1,256,877	1,256,877
Unrestricted	24,104	3,989,419	4,013,523
Total net assets	\$ 24,104	\$ 5,246,296	\$ 5,270,400

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF DELHI
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2006

	Brownfield Redevelopment Authority	Downtown Development Authority	Total
Expenses			
Brownfield redevelopment	\$ 182,470	\$ -	\$ 182,470
Downtown development	-	1,232,610	1,232,610
Total expenses	182,470	1,232,610	1,415,080
Program revenues			
Charges for services	-	19,262	19,262
Operating grants and contributions	662	196,341	197,003
Total program revenues	662	215,603	216,265
Net expense	(181,808)	(1,017,007)	(1,198,815)
General revenues			
Property taxes	189,418	2,940,331	3,129,749
Total general revenues	189,418	2,940,331	3,129,749
Change in net assets	7,610	1,923,324	1,930,934
Net assets, beginning of year	16,494	3,322,972	3,339,466
Net assets, end of year	\$ 24,104	\$ 5,246,296	\$ 5,270,400

The accompanying notes are an integral part of these financial statements.

NOTES to the FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF DELHI

Notes To Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Charter Township of Delhi have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

1-A. Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the government.

Discretely Presented Component Units - The component units column in the government-wide financial statements include the financial data of the following component units. These units are reported in a separate column to emphasize they are legally separate from the Township.

The *Downtown Development Authority* of the Charter Township of Delhi is organized pursuant to Charter Township of Delhi Ordinance No. 80 and Act 197 of the Public Acts of 1975 of the State of Michigan, as amended. The primary purpose of the Authority is to provide for the ongoing maintenance, promotion, security and continued operation of the downtown district. A tax increment financing district was established to finance these activities. The members of the Board of Directors of the Authority are appointed by the Township Board.

The *Delhi Township Brownfield Redevelopment Authority* is organized pursuant to Section 13(1) of the State of Michigan's Brownfield Redevelopment Financing Act (Public Act 381 of 1996, as amended by Public Act 145 of 2000). The primary purpose of the Authority is to clean up environmentally challenged properties in the Township and prepare them for desirable and productive re-uses. Tax increment financing will be used to finance these activities. The members of the Board of Directors of the Authority are appointed by the Township Board.

The Downtown Development Authority and the Brownfield Redevelopment Authority are considered component units of the Charter Township of Delhi because the Township appoints the Authorities' Board members and has the ability to significantly influence operations of the Authorities.

The *Economic Development Corporation* of the Charter Township of Delhi ("EDC") is a nonstock, nonprofit corporation. The EDC's activities are financed through application fees. The primary purpose of the corporation is to encourage and assist commercial enterprises to locate and expand facilities and services in the Township and to its residents through the issuance of tax-exempt financing. The Corporation is organized pursuant to the State of Michigan, Public Act 338 of 1974, as amended. Members of the Board of Directors of the Corporation are appointed by the officers of the Corporation with the advice of the Delhi Township Board of Trustees. Its fiscal year end is May 31st.

The EDC had no activity during the period ended December 31, 2006. The Corporation has no remaining fund assets, liabilities or equity.

CHARTER TOWNSHIP OF DELHI

Notes To Financial Statements

1-B. Basis of Presentation

Government-wide Financial Statements. The statements of net assets and activities display information about the primary government (the “Township”) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the Township’s *governmental* and *business-type activities*. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Township and for each function of the Township’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the Township’s funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental*, *proprietary* and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The Township reports the following major governmental funds:

General fund. This is the Township’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Parks and Recreation fund. This fund accounts for resources accumulated for the costs of maintaining the park system and for providing various recreation programs for Township residents.

The Township reports the following major enterprise fund:

Sewage enterprise fund (Sewer Disposal System). This fund accounts for the activities of the Township’s sewage disposal and sewage treatment systems that are financed primarily by user charges for those services.

Additionally, the Township reports the following fund types:

Special revenue funds. These funds account for revenue sources that are legally restricted to expenditures for specific purposes not including trusts or major capital projects.

Debt service funds. These funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

CHARTER TOWNSHIP OF DELHI

Notes To Financial Statements

Enterprise fund. These funds account for those operations that are financed and operated in a manner similar to private business or where the Township has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Private purpose trust fund. This fund accounts for contributions earmarked for perpetual care of graves of individuals.

Agency funds. These funds account for assets held for other governments in an agency capacity.

1-C. Measurement Focus / Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Township's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Nonexchange transactions, in which the Township gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Township considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases, if any, are reported as other financing sources.

Under the terms of grant agreements, the Township funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Township's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

CHARTER TOWNSHIP OF DELHI

Notes To Financial Statements

All governmental and business-type activities and proprietary funds of the Township follow private-sector standards of accounting and financial reported issued prior to December 1, 1989, unless those standards conflict with guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

1-D. Assets, Liabilities and Equity

Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. In addition, the statement of cash flows includes both restricted and unrestricted cash and cash equivalents.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

Investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have established market values are reported at estimated fair value. Cash deposits are reported at carrying amounts, which reasonably approximates fair value.

Restricted Assets

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants, Michigan law, or Township ordinance. Certain general fund assets have been designated for surplus drain funds. This amount is to be utilized to alleviate drainage problems within the Township.

Receivables and Payables

All trade and delinquent property tax receivables are shown net of an allowance for uncollectibles, as applicable.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either *interfund receivables/payables* (i.e., the current portion of interfund loans) or *advances to/from other funds* (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as *due to/from other funds*. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as *internal balances*.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CHARTER TOWNSHIP OF DELHI

Notes To Financial Statements

Capital Assets

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at fair market value on the date of donation. Repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized.

Interest is capitalized on proprietary fund assets that are constructed utilizing debt proceeds. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project.

Capital assets are defined by the Township as assets with an original cost of \$1,500 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Sewage mains and infrastructure	40
Building	40
Building improvements	20
Land improvements	15
Machinery and equipment	5-10
Computer equipment	3-10
Furniture and fixtures	10
Vehicles	5-7

Compensated Absences

It is the Township's policy to permit employees to accumulate a limited amount of earned but unused sick and vacation leave, which will be paid to employees upon separation from the Township. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

CHARTER TOWNSHIP OF DELHI

Notes To Financial Statements

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Fund balance designations represent tentative management plans that are subject to change.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year end, except for those approved by the Board of Trustees to carry forward.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or prior to September 1 of each year, the Township manager submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Board of Trustees. Budget revisions made to the component unit's (Downtown Development Authority) budget are approved by the Downtown Development Authority Board. If the component unit's budget amendments have an impact on fund balance, the Township Board of Trustees also needs to approve the amendments.
5. Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, debt service funds and proprietary funds. Similarly, the Township also adopts budgets, on a project basis, for all capital projects.
6. Budgets for general, special revenue, debt service funds and proprietary funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Trustees during the fiscal year. Individual amendments were not material in relation to the original appropriations which were amended.

CHARTER TOWNSHIP OF DELHI

Notes To Financial Statements

7. The budget is prepared by fund and function and activity and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.

It is important to note that capital outlay is budgeted by department, and not in total. This may have an impact on variances as presented in the financial statements.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. The Township does not utilize encumbrance accounting.

2-B. Excess of Expenditures Over Appropriations

There were no reported excesses of expenditures over final budgeted amounts for the year ended December 31, 2006.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

3-A. Deposits and Investments

Summary of Deposit and Investment Balances. Following is a reconciliation of deposit and investment balances as of December 31, 2006:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Statement of Net Assets:			
Cash and cash equivalents	\$ 3,330,273	\$ 917,799	\$ 4,248,072
Investments	6,881,386	3,344,846	10,226,232
Statement of Fiduciary Net Assets:			
Cash and cash equivalents	<u>14,760,435</u>	<u>-</u>	<u>14,760,435</u>
Total	<u>\$ 24,972,094</u>	<u>\$ 4,262,645</u>	<u>\$ 29,234,739</u>
Deposits and Investments:			
Bank deposits (checking accounts, savings accounts and CDs)			\$ 18,599,903
Investments in securities, mutual funds and similar vehicles			10,633,336
Cash on hand			<u>1,500</u>
Total			<u>\$ 29,234,739</u>

CHARTER TOWNSHIP OF DELHI

Notes To Financial Statements

The Township chooses to disclose its investments by specifically identifying each. At December 31, 2006, the Township had the following investments.

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>
MBIA Class Investment Pool	n/a	\$ 1,763,564	n/a
LaSalle Bank Money Market	n/a	6,923,573	S&P – AAAm
Federal Home Loan Bank Note	3/10/08	98,656	S&P – AAAm
Federal Home Loan Bank Note	5/04/09	122,618	S&P – AAAm
Federal Home Loan Bank Note	12/30/10	97,625	S&P – AAAm
Federal Home Loan Bank Note	7/10/13	96,469	S&P – AAAm
Federal Home Loan Bank Note	6/15/15	92,285	S&P – AAAm
Federal Home Loan Bank Note	5/15/13	188,110	S&P – AAAm
Federal Home Loan Bank Note	10/29/07	164,020	S&P – AAAm
Federal Home Loan Bank Bond	11/14/08	99,910	S&P – AAAm
Federal Home Loan Bank Bond	11/30/10	99,650	S&P – AAAm
Federal National Mtg. Assn. Note	1/28/09	99,850	S&P – AAAm
US Treasury Note	5/15/07	277,759	n/a
US Treasury Note	3/15/08	243,048	n/a
US Treasury Note	1/15/08	97,258	n/a
US Treasury Note	1/15/09	126,499	n/a
RMA Government Portfolio	n/a	38,289	n/a
GNMA Pass-thru Pool	n/a	<u>4,153</u>	n/a
		<u>\$ 10,633,336</u>	

Investment and deposit risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments above. The Township's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity dates for each investment are identified above for investments held at year end.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The Township's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment are identified above for investments held at year end.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. As of year end, \$17,418,504 of the Township's bank balance of \$18,768,578 was exposed to custodial credit risk because it was uninsured and uncollateralized.

CHARTER TOWNSHIP OF DELHI

Notes To Financial Statements

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the Township does not have a policy for investment custodial credit risk. On the investments listed above, there is no custodial credit risk as these investments are held by the counterparty in the Township's name.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The Township's investment policy allows for no more than \$5,000,000 to be invested in any one institution exclusive of trust and agency accounts. All investments held at year end are reported above.

3-B. Receivables

Receivables in the governmental activities are 12 percent due from other governments, 6 percent accounts receivables, 65 percent property taxes, 16 percent special assessments, and 1 percent other. 93 percent, or \$816,000, of the special assessment receivables are not expected to be collected within one year. All of the accounts receivables are expected to be collected within one year. Business-type activities receivables are 100 percent due from customers.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Special assessments not yet due (general and debt service funds)	\$ 859,726	\$ -	\$ 859,726
Long term accounts receivable	-	132,142	132,142
Property taxes levied for next fiscal year	-	<u>3,456,744</u>	<u>3,456,744</u>
	<u>\$ 859,726</u>	<u>\$ 3,588,886</u>	<u>\$ 4,448,612</u>

CHARTER TOWNSHIP OF DELHI

Notes To Financial Statements

3-C. Capital Assets

Capital assets activity for the year ended December 31, 2006, was as follows:

Primary government

	Balance December 31, 2005	Restatement and Reclassifications	Additions	Deductions	Balance December 31, 2006
<u>Governmental Activities</u>					
Land	\$ 1,511,337	\$ -	\$ -	\$ -	\$ 1,511,337
Construction in progress	32,899	-	244,145	32,899	244,145
Total capital assets not being depreciated	1,544,236	-	244,145	32,899	1,755,482
Capital assets being depreciated:					
Buildings and improvements	4,671,031	-	385,112	-	5,056,143
Land improvements	1,790,779	-	192,830	11,273	1,972,336
Machinery and equipment	686,474	-	189,292	42,812	832,954
Furniture and office equipment	530,995	7,417	38,167	21,270	555,309
Flowage rights	400,340	-	-	-	400,340
Computer equipment and programs	282,652	-	23,399	-	306,051
Vehicles	2,027,146	-	160,607	88,882	2,098,871
Subtotal	10,389,417	7,417	989,407	164,237	11,222,004
Accumulated depreciation					
Buildings and improvements	1,918,740	-	124,453	-	2,043,193
Land improvements	526,170	-	110,057	9,805	626,422
Machinery and equipment	513,407	-	55,309	30,373	538,343
Furniture and office equipment	422,139	7,046	36,779	21,270	444,694
Flowage rights	30,026	-	10,008	-	40,034
Computer equipment and programs	197,830	-	41,128	-	238,958
Vehicles	1,404,681	-	163,365	88,653	1,479,393
Total accumulated depreciation	5,012,993	7,046	541,099	150,101	5,411,037
Total capital assets being depreciated - net	5,376,424	371	448,308	14,136	5,810,967
Governmental activities capital assets - net	\$ 6,920,660	\$ 371	\$ 692,453	\$ 47,035	\$ 7,566,449

CHARTER TOWNSHIP OF DELHI

Notes To Financial Statements

	Balance December 31, 2005	Additions	Deductions	Balance December 31, 2006
<u>Business-type Activities</u>				
Capital assets not being depreciated:				
Land	\$ 776,635	\$ -	\$ -	\$ 776,635
Construction in progress	2,659,556	510,547	212,463	2,957,640
Subtotal	3,436,191	510,547	212,463	3,734,275
Capital assets being depreciated:				
Sewage disposal plant and equipment	19,415,452	8,520	-	19,423,972
Sewer mains	35,705,521	282,917	-	35,988,438
Outfall lines	1,132,393	8,997	-	1,141,390
Furniture and office equipment	173,265	41,848	1,917	213,196
Computer equipment	57,637	227,748	-	285,385
Vehicles	874,669	105,951	34,277	946,343
Machinery and equipment	404,160	59,753	-	463,913
Maintenance facility	1,417,949	12,737	-	1,430,686
Subtotal	59,181,046	748,471	36,194	59,893,323
Accumulated depreciation				
Sewage disposal plant and equipment	7,422,933	697,612	-	8,120,545
Sewer mains	10,410,530	886,500	-	11,297,030
Outfall lines	246,022	23,838	-	269,860
Furniture and office equipment	101,206	23,034	1,917	122,323
Computer equipment	49,034	39,754	-	88,788
Vehicles	429,108	64,515	13,640	479,983
Machinery and equipment	301,601	30,632	-	332,233
Maintenance facility	138,794	36,229	-	175,023
Total accumulated depreciation	19,099,228	1,802,114	15,557	20,885,785
Total capital assets being depreciated - net	40,081,818	(1,053,643)	20,637	39,007,538
Business-type activities capital assets - net	\$ 43,518,009	\$ (543,096)	\$ 233,100	\$ 42,741,813

CHARTER TOWNSHIP OF DELHI

Notes To Financial Statements

<u>Component Unit</u>	<u>Balance December 31, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2006</u>
Capital assets not being depreciated:				
Land	\$ 3,438,649	\$ 595,349	\$ -	\$ 4,033,998
Subtotal	3,438,649	595,349	-	4,033,998
Capital assets being depreciated:				
Buildings	1,006,609	-	-	1,006,609
Land improvements	970,988	-	-	970,988
Machinery and equipment	43,613	-	-	43,613
Furniture and equipment	76,020	-	-	76,020
Subtotal	2,097,230	-	-	2,097,230
Accumulated depreciation				
Buildings	35,547	25,169	-	60,716
Land improvements	445,822	64,734	-	510,556
Machinery and equipment	5,815	4,362	-	10,177
Furniture and equipment	10,225	7,602	-	17,827
Total accumulated depreciation	497,409	101,867	-	599,276
Total capital assets being depreciated - net	1,599,821	(101,867)	-	1,497,954
Component unit capital assets - net	\$ 5,038,470	\$ 493,482	\$ -	\$ 5,531,952

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 203,362
Public safety	198,575
Recreation and culture	131,717
Other	<u>7,445</u>

Total **\$ 541,099**

Business-type activity –

Sewer	\$ 1,798,927
Community Development	<u>3,187</u>

Total **\$ 1,802,114**

CHARTER TOWNSHIP OF DELHI

Notes To Financial Statements

3-D. Payables

Payables in the governmental activities are 70 percent vendors, 20 percent accrued payroll, and 10 percent interest. Business-type activities payables are 44 percent vendors, 8 percent deposits, 27 percent accrued payroll, and 21 percent accrued interest.

3-E. Interfund Receivables, Payables and Transfers

Receivables and Payables

The Township often has interfund balances between its funds. These interfund balances result primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. At December 31, 2006, there was an amount due to the sewer fund from the general fund of \$3,793.

Transfers

For the year then ended, interfund transfers consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General fund	\$ -	\$ 796,264
Parks and recreation	749,747	-
Nonmajor governmental funds	44,770	3,270
Nonmajor enterprise fund	<u>5,017</u>	<u>-</u>
Total	<u>\$ 799,534</u>	<u>\$ 799,534</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CHARTER TOWNSHIP OF DELHI

Notes To Financial Statements

3-F. Long-term Debt

General Obligation Bonds

The Township issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds, therefore, are reported in the proprietary fund if they are expected to be repaid from proprietary revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 5 to 30 year serial bonds.

\$1,032,300, 2002 Water Improvement District, Serial Bonds, due in annual installments of \$36,630 to \$79,088 through 2022, interest at 3.1% to 5.00%. The Township issued bonds totaling \$6,200,000 of which 16.65% (\$1,032,300) was for water improvement (general long-term debt) and 83.35% (\$5,167,700) was for sanitary sewer (enterprise fund) \$ 902,430

\$2,365,000, 2004 General Obligation Community Service Center Refunding Bonds, due in annual installments of \$320,000 to \$475,000 through May 1, 2010, interest at 2.0% to 2.6%. 1,695,000

\$ 2,597,430

Special Assessment Bonds Payable

The Township has issued special assessment bonds payable. The government pledges special assessments levied against taxpayers' benefiting from a specific construction asset which are collectible over a period of years. In addition, the Township has pledged, in certain of the following, its full faith and credit within statutory limitations:

\$435,000, 1996 Pine Tree Road Improvement, Serial Bonds, due in annual installments of \$30,193 through 2011, interest at 5.00%. The Township issued one bond issue for \$1,945,000 of which 78% was for the sanitary sewer special assessment (\$1,510,000) and 22% was for the Pine Tree Road Improvement (\$435,000) \$ 150,964

\$130,000, 1997 Water Improvement District #128, serial bonds, due in annual installments of \$10,000 to \$15,000 through 2007, interest at 4.8% to 5.0% 10,000

\$ 160,964

CHARTER TOWNSHIP OF DELHI

Notes To Financial Statements

Other Long-term Debt

The government is assessed for drains at large by Ingham County. The assessment covers the Township's share of installation and flowage rights for the drains. General assessments outstanding at year-end are as follows:

<u>Purpose</u>	<u>Amount</u>	<u>Fiscal year Due</u>	<u>Interest Rate</u>
Governmental activities	<u>\$ 194,410</u>	2022	Imputed at 4%

The Township has entered into an installment purchase agreement to purchase property. This obligation is summarized as follows:

<u>Purpose</u>	<u>Amount</u>	<u>Fiscal year Due</u>	<u>Interest Rate</u>
Governmental activities	<u>\$ 433,379</u>	2019	3.49%

Enterprise Fund

General Obligation Bonds Payable:

\$1,000,000, 1996 Sanitary Sewer general obligation bonds, due in annual installments of \$70,000 to \$95,000 through 2011, interest at 5.00% to 5.40%	\$ 425,000
\$2,500,000, 2003 Sanitary Sewer general obligation bonds, due in annual installments of \$80,000 to \$195,000 through 2024, interest at 3.00% to 4.75%	2,345,000
\$5,167,700, 2002 Sanitary Sewer general obligation bonds, due in annual installments of \$183,370 to \$395,912 through 2022, interest at 3.10% to 5.00%. The Township issued one bond issue for \$6,200,000 of which 83.35% (\$5,167,700) was for sanitary sewer (enterprise fund) and 16.65% (\$1,037,300) was for water improvement (general long-term debt)	<u>4,517,570</u>
	<u>\$ 7,287,570</u>

CHARTER TOWNSHIP OF DELHI

Notes To Financial Statements

Special assessment bonds payable:

The Township has issued special assessment bonds payable. The government pledges special assessments levied against taxpayers benefiting from a specific constructed asset and collectible over a period of years.

\$645,000, 1992 Sanitary Sewer Special Assessment Bonds (South Cedar),
due in annual installments of \$40,000 through 2007, interest at
6.25% \$ 40,000

\$230,000, 1993 Sanitary Sewer Special Assessment Bonds (Harper
Wentland), due in annual installments of \$16,000 through 2008, interest at
5.30% to 5.50% 32,000

\$1,510,000, 1996 Sanitary Sewer Special Assessment Bonds (Dell
Willoughby), due in annual installments of \$104,807 through 2011, interest
at 5.00%. The Township issued one bond issue for \$1,945,000 of which
78% was for the Sanitary Sewer Special Assessment (\$1,510,000) and 22%
was for the Pine Tree Road Improvement (\$435,000) 524,036

\$ 596,036

Notes Payable

\$6,695,000, 1998 refunding note payable due to Ingham County calling for
total annual installments of \$525,000 to \$765,000 through 2012, interest at
3.95% to 5.13% **\$ 3,985,000**

Downtown Development Authority (Component Unit)

The long-term debt balance of the Downtown Development Authority consists of the following:

General Obligation Bonds

\$990,000, 2003 general obligation bonds to finance Downtown
Development Authority costs of constructing a building, due in annual
installments of \$55,000 to \$85,000 through 2018, interest at 2.75% to 4.50% \$ 825,000

\$2,050,000, 1997 general obligation serial and/or term bonds to finance
Downtown Development Authority costs of constructing certain road,
rail, water, sewer, and environmental improvements, due in annual
installments of \$75,000 to \$375,000 starting in 2001 and going through
2015, interest at 4.90% to 5.10% 1,600,000

CHARTER TOWNSHIP OF DELHI

Notes To Financial Statements

\$2,325,000, 2001 general obligation bonds to finance Downtown Development Authority costs of constructing certain water and sewer improvements, due in annual installments of \$130,000 to \$220,000 through 2016, interest at 4.0% to 4.63%

\$ 1,755,000

\$ 4,180,000

Notes Payable

\$200,000 Holt Shopping Center, due in monthly installments of to \$2,534 through July 2010, interest at a rate of 9.0%

\$ 95,075

The following is a summary of changes in long-term debt during the year ended December 31, 2006:

	Balance January				Balance		
	1, 2006	Additions	Deletions		December 31, 2006	Due Within One Year	
Governmental activities:							
General obligation bonds	\$ 2,984,060	\$ -	\$ 386,630	\$ 2,597,430	\$ 419,127		
Special assessment bonds	229,357	-	68,393	160,964	40,193		
General assessment payable	206,561	-	12,151	194,410	12,151		
Installment Purchase Agreement	466,667	-	33,288	433,379	33,333		
Compensated absences	238,373	38,883	-	277,256	120,000		
Total governmental	\$ 4,125,018	\$ 38,883	\$ 500,462	\$ 3,663,439	\$ 624,804		
Enterprise fund:							
General obligation bonds	\$ 7,620,940	\$ -	\$ 333,370	\$ 7,287,570	\$ 355,873		
Special assessment bonds	793,643	-	197,607	596,036	160,807		
Notes payable	4,535,000	-	550,000	3,985,000	580,000		
Total business-type	\$ 12,949,583	\$ -	\$ 1,080,977	\$ 11,868,606	\$ 1,096,680		
Component unit:							
General obligation bonds	\$ 4,440,000	\$ -	\$ 260,000	4,180,000	\$ 270,000		
Notes payable	115,893	-	20,818	95,075	22,771		
Compensated absences	15,200	1,835	-	17,035	6,000		
Total component unit	\$ 4,571,093	\$ 1,835	\$ 280,818	\$ 4,292,110	\$ 298,771		

CHARTER TOWNSHIP OF DELHI

Notes To Financial Statements

For the governmental activities, compensated absences are generally liquidated by the general fund.

The annual requirements to amortize all long-term debt outstanding, exclusive of compensated absences as of December 31, 2006, are as follows:

Year Ending December 31	Governmental Activities		Business-type Activities		Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 504,804	\$ 108,190	\$ 1,096,680	\$ 537,595	\$ 292,771	\$ 190,152
2008	521,469	94,875	1,100,014	492,882	304,907	177,092
2009	553,967	80,073	1,136,517	447,299	317,243	163,355
2010	595,633	63,512	1,194,852	393,279	315,154	149,023
2011	122,296	52,236	1,248,187	335,770	385,000	133,930
2012-2016	497,984	198,489	2,704,438	1,088,664	2,495,000	334,032
2017-2021	498,796	87,717	2,437,005	567,569	165,000	11,170
2022-2024	91,234	4,540	950,913	59,837	-	-
Total	\$ 3,386,183	\$ 689,632	\$ 11,868,606	\$ 3,922,895	\$ 4,275,075	\$ 1,158,754

Advance Refunding

In prior years, the Township defeased certain bonds by placing the proceeds of new bonds in irrevocable trusts for the purpose of generating resources for all future debt service payments on the refunded debt. As a result, the refunded bonds are considered to be defeased and the trust fund assets and related liabilities have been removed from the statement of net assets. At December, 31, 2006, \$3,985,000 of bonds outstanding are considered defeased.

3-G. Segment Information – Enterprise Funds

The government issued bonds and notes payable to finance certain improvements to its sewer system. Because the Sewer Fund, which accounts entirely for the government's sewer activities is a segment and is reported as a major fund in the fund financial statements, segment disclosures herein are not required.

CHARTER TOWNSHIP OF DELHI

Notes To Financial Statements

NOTE 4 – OTHER INFORMATION

4-A. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2006, the government carried commercial insurance to cover all risks of losses. The Township has had no settled claims from these risks that exceeded its commercial coverage in any of the past three fiscal years.

4-B. Property Taxes

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due in February of the following year. The Township bills and collects its own property taxes together with taxes for the County and other various school districts and the community college. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year following the December 1 levy date. Property taxes levied for the ensuing year's revenue are included in taxes receivable and deferred until collected. Property tax receivables related to delinquent taxes are also deferred unless collected within 60 days of year-end.

The Township is permitted by the Charter Township Act of the State to levy taxes up to \$5.00 per \$1,000 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. Additional taxes may be levied, upon approval of the voters, to a total levy of \$10.00 per \$1,000 of assessed valuation. The Township levied 4.3094 mills for general operations, .4846 mills for fire operations, and .5322 for Community Service Center debt requirements on the December 1, 2005, levy (recognized as revenue in 2006).

The Downtown Development and Brownfield Redevelopment Authorities, which are component units, also receive property tax revenue from the December 1 tax levy. These tax revenues are recognized in the fiscal year following the December 1 levy date.

4-C. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by federal and state grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

CHARTER TOWNSHIP OF DELHI

Notes To Financial Statements

4-D. Postemployment Benefits

In addition to benefits described in Notes 4-E and 4-F, the Township provides both health and life insurance benefits for retired employees meeting specific age and years of continued service requirements. The Township will provide 75% to 100% health insurance coverage comparable to that provided to active employees. The obligation of the Township will cease or decrease as comparable health insurance becomes available to the retiree through another employer or source (i.e., Medicare). The Township will provide 100% of life insurance. Approximate costs incurred by the Township during 2006 amounted to \$66,639. The Township currently has thirteen retired employees receiving benefits under the plan.

The Governmental Accounting Standards Board has recently released Statement No. 45, "Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions." The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2008. Management is currently assessing the impact of this new accounting standard on the Township's financial statements for future reporting periods.

4-E. Pension Plan

The Township provides pension benefits for all of its full-time employees through a defined contribution plan called the Defined Contribution Pension Plan for Governmental Employees. The Plan is administered by an outside party. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate upon completion of three months of service. The Township contributes an amount equal to 10% of the employee's base annual compensation.

The Township's contribution for each employee (and interest attributable to these contributions) are fully vested after two years service. Township contributions and attributable interest forfeited by employees who leave employment prior to full vesting are used to reduce the Township's current period contribution requirements.

Plan provisions and contribution requirement are established and may be amended by the Township Board.

The Township's total payroll in 2006 was \$3,790,928. Contributions were calculated using the base salary amount of \$2,979,500. The Township made the required 10% contribution totaling \$297,950.

CHARTER TOWNSHIP OF DELHI

Notes To Financial Statements

4-F. Deferred Compensation Plans

The Township offers two deferred compensation plans created in accordance with Internal Revenue Code Section 457; one designed for full-time employees, and the second available only to part-time employees. The plans permit employees to defer a portion of their salary until future years. For the plan covering part-time employees, the Township contributes 3% of gross pay to the plan on behalf of all participating employees. The Township made contributions to the plans totaling \$5,727. The deferred compensation is only available to the employees upon retirement, termination, becoming permanently disabled, or death.

4-G. Restatement

Primary government:

Governmental Activities beginning net assets were increased by \$129,228 in order to recognize the change in the obligation owed to Ingham County for a drain project.

4-H. Limited Obligations Bonds – Economic Development Corporation

The Corporation acts as a liaison between companies seeking financial assistance and financial institutions in an effort to further the economic development of the Township. This purpose is accomplished by the Corporation entering into lease contracts with commercial enterprises. According to the terms of the lease contracts, the Corporation agrees to issue revenue bonds, the proceeds from which will be used to finance a project benefiting the commercial enterprise, and the commercial enterprise agrees to make lease payments equal to the bond principal and interest payments. When the bonds are paid in full, the ownership of the project is transferred to the commercial enterprise. The revenue bonds are payable solely from the net revenues derived from the project and the bonds are collateralized by a mortgage on the project and the lease contract. The Corporation does not currently hold title to any property and did not have any activity in 2006.

4-I. State Construction Code Disclosures

The Community Development Department reviews all planning, zoning and construction activities, issues building permits, and provides code enforcement and rental housing inspections and registrations. This activity had been reported as a separated activity in the General Fund through December 31, 2004. Effective January 1, 2005, this activity is reported in a separate Community Development Enterprise Fund.

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**COMBINING and INDIVIDUAL FUND FINANCIAL
STATEMENTS and SCHEDULES**

CHARTER TOWNSHIP OF DELHI
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006

	Special Revenue	Debt Service	Totals
Assets			
Cash and cash equivalents	\$ 1,267,725	\$ 164,949	\$ 1,432,674
Investments	166,668	-	166,668
Taxes receivable	361,794	398,829	760,623
Special assessments receivable	762,715	34,168	796,883
<u>TOTAL ASSETS</u>	<u>\$ 2,558,902</u>	<u>\$ 597,946</u>	<u>\$ 3,156,848</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	\$ 29,205	\$ -	\$ 29,205
Deferred revenue	1,114,745	436,687	1,551,432
Total liabilities	1,143,950	436,687	1,580,637
Fund balances			
Unreserved, designated for debt service	402,384	-	402,384
Unreserved, undesignated	1,012,568	161,259	1,173,827
Total fund balances	1,414,952	161,259	1,576,211
<u>TOTAL LIABILITIES, AND FUND BALANCES</u>	<u>\$ 2,558,902</u>	<u>\$ 597,946</u>	<u>\$ 3,156,848</u>

CHARTER TOWNSHIP OF DELHI
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2006

	Special Revenue	Debt Service	Totals
Revenue			
Taxes	\$ 349,661	\$ 384,669	\$ 734,330
Special assessments	31,608	13,866	45,474
Charges for services	92,713	-	92,713
Interest	70,201	10,742	80,943
Total revenue	544,183	409,277	953,460
Expenditures			
Current:			
Public safety	180,353	-	180,353
Other	6,530	-	6,530
Debt service:			
Principal	36,630	418,393	455,023
Interest	42,479	55,520	97,999
Capital outlay	279,810	-	279,810
Total expenditures	545,802	473,913	1,019,715
Revenue under expenditures	(1,619)	(64,636)	(66,255)
Other financing sources (uses)			
Proceeds from sale of capital assets	16,790	-	16,790
Transfers in	41,500	3,270	44,770
Transfers out	(1,380)	(1,890)	(3,270)
Total other financing sources	56,910	1,380	58,290
Net changes in fund balances	55,291	(63,256)	(7,965)
Fund balances, beginning of year	1,359,661	224,515	1,584,176
Fund balances, end of year	\$ 1,414,952	\$ 161,259	\$ 1,576,211

CHARTER TOWNSHIP OF DELHI
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2006

	Water Improvement	Fire Equipment Replacement Millage	Total
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 594,236	\$ 673,489	\$ 1,267,725
Investments	166,668	-	166,668
Taxes receivable	-	361,794	361,794
Special assessments receivable	762,715	-	762,715
<u>TOTAL ASSETS</u>	\$ 1,523,619	\$ 1,035,283	\$ 2,558,902
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	\$ -	\$ 29,205	\$ 29,205
Deferred revenue	740,767	373,978	1,114,745
Total liabilities	740,767	403,183	1,143,950
Fund balances			
Unreserved, designated for debt service	402,384	-	402,384
Unreserved, undesignated	380,468	632,100	1,012,568
Total fund balances	782,852	632,100	1,414,952
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 1,523,619	\$ 1,035,283	\$ 2,558,902

CHARTER TOWNSHIP OF DELHI
Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	Water Improvement	Fire Equipment Replacement Millage	Total
Revenue			
Taxes	\$ -	\$ 349,661	\$ 349,661
Special assessments	31,608	-	31,608
Charges for services	92,713	-	92,713
Interest	34,125	36,076	70,201
Total revenue	158,446	385,737	544,183
Expenditures			
Current:			
Public safety	-	180,353	180,353
Other	6,530	-	6,530
Debt service:			
Principal	36,630	-	36,630
Interest	42,479	-	42,479
Capital outlay	68,285	211,525	279,810
Total expenditures	153,924	391,878	545,802
Revenue over (under) expenditures	4,522	(6,141)	(1,619)
Other financing sources			
Proceeds from sale of capital assets	-	16,790	16,790
Transfers in	-	41,500	41,500
Transfers out	(1,380)	-	(1,380)
Total other financing sources	(1,380)	58,290	56,910
Net changes in fund balances	3,142	52,149	55,291
Fund balances, beginning of year	779,710	579,951	1,359,661
Fund balances, end of year	<u>\$ 782,852</u>	<u>\$ 632,100</u>	<u>\$ 1,414,952</u>

CHARTER TOWNSHIP OF DELHI
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	Water Improvement		
	Final Budget	Actual	Actual over (under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Special assessments	24,780	31,608	6,828
Interest	30,000	34,125	4,125
Other revenue	-	-	-
Total revenue	54,780	65,733	10,953
Expenditures			
Current:			
Public Safety	-	-	-
Other	16,250	6,530	(9,720)
Debt service:			
Principal	36,630	36,630	-
Interest expense	42,480	42,479	(1)
Capital outlay	100,100	68,285	(31,815)
Total expenditures	195,460	153,924	(41,536)
Revenue over (under) expenditures	(140,680)	(88,191)	52,489
Other financing sources			
Proceeds from sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	(3,680)	(1,380)	2,300
Total other financing sources	(3,680)	(1,380)	2,300
Net changes in fund balances	(144,360)	(89,571)	54,789
Fund balances, beginning of year	779,710	779,710	-
Fund balances, end of year	\$ 635,350	\$ 690,139	\$ 54,789

Fire Equipment Replacement Millage		
Final Budget	Actual	Actual over (under) Final Budget
\$ 350,330	\$ 349,661	\$ (669)
-	-	-
23,000	36,076	13,076
-	-	-
373,330	385,737	12,407
196,950	180,353	(16,597)
-	-	-
-	-	-
-	-	-
204,190	211,525	7,335
401,140	391,878	(9,262)
(27,810)	(6,141)	21,669
6,790	16,790	10,000
41,500	41,500	-
-	-	-
48,290	58,290	10,000
20,480	52,149	31,669
579,951	579,951	-
\$ 600,431	\$ 632,100	\$ 31,669

CHARTER TOWNSHIP OF DELHI
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2006

	Community Service Center	Pinetree Road	Water District 51	Water District 63
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 50,939	\$ 106,180	\$ -	\$ -
Taxes receivable	398,829	-	-	-
Special assessments receivable	-	31,936	-	-
<hr/>				
<u>TOTAL ASSETS</u>	\$ 449,768	\$ 138,116	\$ -	\$ -
<hr/>				
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Deferred revenue	\$ 412,261	\$ 24,426	\$ -	\$ -
Fund balances				
Unreserved, undesignated	37,507	113,690	-	-
<hr/>				
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 449,768	\$ 138,116	\$ -	\$ -
<hr/>				

Water District 66	Water District 70	Water District 71	Water District 72	Water District 128	Total
\$ -	\$ -	\$ -	\$ -	\$ 7,830	\$ 164,949
-	-	-	-	-	398,829
-	-	-	-	2,232	34,168
\$ -	\$ -	\$ -	\$ -	\$ 10,062	\$ 597,946
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 436,687
-	-	-	-	10,062	161,259
\$ -	\$ -	\$ -	\$ -	\$ 10,062	\$ 597,946

CHARTER TOWNSHIP OF DELHI
Combining Statement of Revenue, Expenditures
and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2006

	Community Service Center	Pinetree Road	Water District 51	Water District 63
Revenue				
Taxes	\$ 384,669	\$ -	\$ -	\$ -
Special assessments	-	11,263	-	-
Interest	5,178	5,256	-	-
Total revenue	389,847	16,519	-	-
Expenditures				
Debt service:				
Principal	350,000	30,193	-	-
Interest and fiscal charges	43,884	8,949	-	-
Total expenditures	393,884	39,142	-	-
Revenue over (under) expenditures	(4,037)	(22,623)	-	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	(4,037)	(22,623)	-	-
Fund balances, beginning of year	41,544	136,313	-	-
Fund balances, end of year	\$ 37,507	\$ 113,690	\$ -	\$ -

Water District 66	Water District 70	Water District 71	Water District 72	Water District 128	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 384,669
-	-	-	-	2,603	13,866
-	(8)	7	40	269	10,742
-	(8)	7	40	2,872	409,277
-	3,200	6,800	13,200	15,000	418,393
-	312	426	639	1,310	55,520
-	3,512	7,226	13,839	16,310	473,913
-	(3,520)	(7,219)	(13,799)	(13,438)	(64,636)
-	2,151	1,119	-	-	3,270
-	-	-	(1,890)	-	(1,890)
-	2,151	1,119	(1,890)	-	1,380
-	(1,369)	(6,100)	(15,689)	(13,438)	(63,256)
-	1,369	6,100	15,689	23,500	224,515
\$ -	\$ -	\$ -	\$ -	\$ 10,062	\$ 161,259

CHARTER TOWNSHIP OF DELHI
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2006

	Trust and Agency	Current Tax	Total
Assets			
Cash and cash equivalents	\$ 141,131	\$ 14,546,722	\$ 14,687,853
Taxes receivable	379,832	16,528,405	16,908,237
	<hr/>		
Total assets	\$ 520,963	\$ 31,075,127	\$ 31,596,090
	<hr/>		
Liabilities			
Due to other governments	\$ -	\$ 31,075,127	\$ 31,075,127
Undistributed receipts	520,963	-	520,963
	<hr/>		
Total liabilities	\$ 520,963	\$ 31,075,127	\$ 31,596,090
	<hr/>		

CHARTER TOWNSHIP OF DELHI
All Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended December 31, 2006

	Balance January 1, 2006	Additions	Deductions	Balance December 31, 2006
Trust and Agency				
Assets				
Cash and cash equivalents	\$ 120,083	\$ 2,077,858	\$ 2,056,810	\$ 141,131
Taxes receivable	313,238	276,567	209,973	379,832
	<u>\$ 433,321</u>	<u>\$ 2,354,425</u>	<u>\$ 2,266,783</u>	<u>\$ 520,963</u>
Liabilities				
Undistributed receipts	\$ 433,321	\$ 2,421,540	\$ 2,333,898	\$ 520,963
Current Tax				
Assets				
Cash and cash equivalents	\$12,183,470	\$39,408,890	\$37,045,638	\$14,546,722
Taxes receivable	17,400,544	39,602,237	40,474,376	16,528,405
	<u>\$29,584,014</u>	<u>\$79,011,127</u>	<u>\$77,520,014</u>	<u>\$31,075,127</u>
Liabilities				
Due to other governments	\$29,584,014	\$47,852,270	\$46,361,157	\$31,075,127
Totals				
Assets				
Cash and cash equivalents	\$12,303,553	\$41,486,748	\$39,102,448	\$14,687,853
Taxes receivable	17,713,782	39,878,804	40,684,349	16,908,237
	<u>\$30,017,335</u>	<u>\$81,365,552</u>	<u>\$79,786,797</u>	<u>\$31,596,090</u>
Liabilities				
Undistributed receipts	\$ 433,321	\$ 2,421,540	\$ 2,333,898	\$ 520,963
Due to other governments	29,584,014	47,852,270	46,361,157	31,075,127
	<u>\$30,017,335</u>	<u>\$50,273,810</u>	<u>\$48,695,055</u>	<u>\$31,596,090</u>

CHARTER TOWNSHIP OF DELHI
Statement of Net Assets / Governmental Funds Balance Sheet
Brownfield Redevelopment Authority Component Unit
December 31, 2006

	Special Revenue Fund	Adjustments	Statement of Net Assets
Assets			
Cash and cash equivalents	\$ 31,566	\$ -	\$ 31,566
Taxes receivable	149,516	-	149,516
Total assets	<u>\$ 181,082</u>	-	181,082
Liabilities			
Accounts payable	\$ 233	-	233
Deferred/unearned revenue	156,745	-	156,745
Total liabilities	156,978	-	156,978
Fund balances			
Unreserved, undesignated	24,104	(24,104)	-
Total liabilities and fund balances	<u>\$ 181,082</u>		
Net assets			
Unrestricted		24,104	24,104
Total net assets		<u>\$ 24,104</u>	<u>\$ 24,104</u>

CHARTER TOWNSHIP OF DELHI
Statement of Activities / Governmental Funds Revenue,
Expenditures, and Changes in Fund Balances
Brownfield Redevelopment Authority Component Unit
For the Year Ended December 31, 2006

	Special Revenue Fund	Adjustments	Statement of Activities
Revenue			
Property taxes	\$ 189,418	\$ -	\$ 189,418
Interest	662	-	662
Total revenue	190,080	-	190,080
Expenditures/Expenses			
General government	182,470	-	182,470
Total expenditures/expenses	182,470	-	182,470
Change in fund balances / net assets	7,610	-	7,610
Fund balances / net assets, beginning of year	16,494	-	16,494
Fund balances / net assets, end of year	\$ 24,104	\$ -	\$ 24,104

CHARTER TOWNSHIP OF DELHI
Statement of Net Assets / Governmental Funds Balance Sheet
Downtown Development Authority Component Unit
December 31, 2006

	Governmental		
	Downtown Development Authority	Project 9 Infrastructure Debt Service	College Water/Sewer Debt Service
Assets			
Cash and cash equivalents	\$ 833,478	\$ 32,872	\$ 19,883
Investments	3,344,846	-	-
Taxes receivable	3,073,320	-	-
Other receivables	26,190	-	-
Prepaid items	2,040	-	-
Capital assets not being depreciated	-	-	-
Capital assets being depreciated, net	-	-	-
Total assets	<u>\$ 7,279,874</u>	<u>\$ 32,872</u>	<u>\$ 19,883</u>
Liabilities			
Accounts payable	\$ 47,838	\$ -	\$ -
Accrued liabilities	3,029	-	-
Interest payable	-	-	-
Due to other governments	616,597	-	-
Due to primary government	156,488	-	-
Deferred revenue	2,477,327	-	-
Long-term liabilities:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total liabilities	<u>3,301,279</u>	<u>-</u>	<u>-</u>
Fund balances			
Reserved for prepaid items	2,040	-	-
Unreserved, undesignated	3,976,555	32,872	19,883
Total fund balances	<u>3,978,595</u>	<u>32,872</u>	<u>19,883</u>
Total liabilities and fund balances	<u>\$ 7,279,874</u>	<u>\$ 32,872</u>	<u>\$ 19,883</u>
Net assets			
Invested in capital assets, net of related debt			
Unrestricted			
Total net assets			

Funds

College Water/Sewer Capital Projects	Total	Adjustments	Statement of Net Assets
\$ -	\$ 886,233	\$ -	\$ 886,233
-	3,344,846	-	3,344,846
-	3,073,320	-	3,073,320
-	26,190	-	26,190
-	2,040	-	2,040
-	-	4,033,998	4,033,998
-	-	1,497,954	1,497,954
\$ -	\$ 7,332,629	5,531,952	12,864,581

\$ - \$ 47,838	-	47,838
- 3,029	-	3,029
- -	24,896	24,896
- 616,597	-	616,597
- 156,488	-	156,488
- 2,477,327	-	2,477,327
- -	298,771	298,771
- -	3,993,339	3,993,339

- 3,301,279	4,317,006	7,618,285
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- 2,040	(2,040)	-
- 4,029,310	(4,029,310)	-

- 4,031,350	(4,031,350)	-
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\$ - \$ 7,332,629

1,256,877	1,256,877
3,989,419	3,989,419

\$ 5,246,296	\$ 5,246,296
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CHARTER TOWNSHIP OF DELHI
Statement of Activities / Governmental Funds Revenue,
Expenditures, and Changes in Fund Balances
Downtown Development Authority Component Unit
For the Year Ended December 31, 2006

	Governmental		
	Downtown Development Authority	Project 9 Infrastructure Debt Service	College Water/Sewer Debt Service
Revenues			
Property taxes	\$ 2,940,331	\$ -	\$ -
Charges for services	14,862	-	4,400
Interest and rentals	194,048	1,518	775
Total program revenues	3,149,241	1,518	5,175
Expenditures/expenses			
General government	926,712	-	-
Debt service:			
Principal	75,818	75,000	130,000
Interest	42,246	82,813	78,434
Capital outlay	595,350	-	-
Total expenditures/ expenses	1,640,126	157,813	208,434
Revenue over (under) expenditures	1,509,115	(156,295)	(203,259)
Other financing sources (uses)			
Transfers in	-	157,813	208,435
Transfers out	(366,248)	-	-
Total other financing sources (uses)	(366,248)	157,813	208,435
Change in fund balances/net assets	1,142,867	1,518	5,176
Fund balances / net assets, beginning of year	2,835,728	31,354	14,707
Fund balances / net assets, end of year	\$ 3,978,595	\$ 32,872	\$ 19,883

Funds				
College				
Water/Sewer				
Capital Projects	Total	Adjustments	Statement	of Activities
\$ -	\$ 2,940,331	\$ -	\$ 2,940,331	
-	19,262	-	19,262	
-	196,341	-	196,341	
-	3,155,934	-	3,155,934	
-	926,712	103,703	1,030,415	
-	280,818	(280,818)	-	
-	203,493	(1,298)	202,195	
-	595,350	(595,350)	-	
-	2,006,373	(773,763)	1,232,610	
-	1,149,561	773,763	1,923,324	
-	366,248	(366,248)	-	
-	(366,248)	366,248	-	
-	-	-	-	
-	1,149,561	773,763	1,923,324	
-	2,881,789	441,183	3,322,972	
\$ -	\$ 4,031,350	\$ 1,214,946	\$ 5,246,296	

STATISTICAL SECTION

STATISTICAL SECTION

This part of Delhi Charter Township's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	71-75
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	76-79
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	80-83
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	84-85
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	86-88

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Delhi Charter Township
Net Assets By Component
Last Four Fiscal Years
(Accrual Basis of Accounting)

Schedule 1
Unaudited

		Fiscal Year Ended			
		2003	2004	2005	2006
Governmental activities					
Invested in capital assets, net of related debt	\$	4,097,858	\$ 2,747,773	\$ 2,904,787	\$ 4,180,266
Restricted		934,921	1,340,368	1,676,748	1,586,782
Unrestricted		4,626,633	4,428,042	4,136,777	3,404,342
Total governmental activities net assets	\$	9,659,412	\$ 8,516,183	\$ 8,718,312	\$ 9,171,390
Business-type activities					
Invested in capital assets, net of related debt	\$	22,554,025	\$ 27,311,338	\$ 30,568,426	\$ 30,873,207
Restricted		2,341,490	3,440,595	3,275,154	3,244,209
Unrestricted		8,498,052	4,750,275	3,865,016	4,322,440
Total business-type activities net assets	\$	33,393,567	\$ 35,502,208	\$ 37,708,596	\$ 38,439,856
Primary government					
Invested in capital assets, net of related debt	\$	26,651,883	\$ 30,059,111	\$ 33,473,213	\$ 35,053,473
Restricted		3,276,411	4,780,963	4,951,902	4,830,991
Unrestricted		13,124,685	9,178,317	8,001,793	7,726,782
Total primary government net assets	\$	43,052,979	\$ 44,018,391	\$ 46,426,908	\$ 47,611,246

Delhi Charter Township
Changes in Net Assets
Last Four Fiscal Years
(Accrual Basis of Accounting)

Schedule 2
Unaudited

		Fiscal Year Ended			
		2003	2004	2005	2006
Expenses					
Governmental activities:					
Legislative	\$	-	\$ 53,147	\$ 52,334	\$ 52,332
General governmental		2,348,086	1,975,126	1,834,790	1,932,514
Public Safety		3,796,061	3,743,943	3,629,755	3,890,919
Public Works		905,791	-	-	-
Engineering		-	151,759	70,538	-
Community development		-	341,779	-	-
Recreation & cultural		614,243	670,705	741,668	770,980
Infrastructure		-	415,552	350,107	488,254
Other governmental activities		-	218,691	209,611	237,858
Interest on long-term debt		219,529	171,866	139,856	115,218
Total governmental activities		<u>7,883,710</u>	<u>7,742,568</u>	<u>7,028,659</u>	<u>7,488,075</u>
Business-type activities:					
Sewer		4,444,272	5,124,559	5,304,487	5,423,789
Community Development		-	-	545,424	599,503
Total business-type activities		<u>4,444,272</u>	<u>5,124,559</u>	<u>5,849,911</u>	<u>6,023,292</u>
Total primary government expenses	\$	<u>12,327,982</u>	<u>\$ 12,867,127</u>	<u>\$ 12,878,570</u>	<u>\$ 13,511,367</u>
Program revenues					
Charges for services:					
General government	\$	377,398	\$ 596,127	\$ 617,892	\$ 711,788
Public safety		580,478	945,328	504,341	546,463
Public works		635,989	-	-	-
Community development		-	29,880	-	-
Recreation and cultural		109,214	108,695	127,318	115,240
Operating grants and contributions		59,833	506,673	459,807	608,514
Capital grants and contributions		-	306,076	(3,396)	114,693
Total governmental activities program revenues		<u>1,762,912</u>	<u>2,492,779</u>	<u>1,705,962</u>	<u>2,096,698</u>

Continued

Fiscal Year Ended			
2003	2004	2005	2006

Continued

Business-type activities:

Charges for services:

Sewer	\$ 5,335,388	\$ 5,401,343	\$ 5,678,173	\$ 5,404,117
Community development	-	-	601,664	460,926
Operating grants and contributions	-	161,079	250,731	388,458
Capital grants and contributions	253,957	901,587	1,550,284	253,243
Total business-type activities program revenues	5,589,345	6,464,009	8,080,852	6,506,744
Total primary government program revenues	\$ 7,352,257	\$ 8,956,788	\$ 9,786,814	\$ 8,603,442

Net (Expense)/Revenue

Governmental activities	(6,120,798)	(5,249,789)	(5,322,697)	(5,391,377)
Business-type activities	1,145,073	1,339,450	2,230,941	483,452
Total primary government net expense	\$ (4,975,725)	\$ (3,910,339)	\$ (3,091,756)	\$ (4,907,925)

General Revenues and Other Changes in Net Assets

Governmental activities:

Property taxes	3,034,627	2,837,256	3,083,557	3,325,504
State shared revenues	1,956,061	1,846,592	1,845,018	1,798,179
Grants and contributions not restricted to specific programs	546,427	564,271	313,785	311,693
Unrestricted investment earnings	100,474	114,606	147,015	273,927
Gain (loss) on sale of capital assets	6,160	331,980	110,928	10,945
Intra-entity transfer	383,529	-	-	(5,017)
Transfers	443,172	-	-	-
Total governmental activities	6,470,450	5,694,705	5,500,303	5,715,231

Business-type activities:

Investment earnings	198,152	-	-	-
Other	261,823	-	-	-
Intra-entity transfer	-	-	-	5,017
Transfers	(443,172)	-	-	-
Grants and contributions not restricted to specific programs	-	-	-	242,789
Total business-type activities	16,803	-	-	247,806
Total primary government	\$ 6,487,253	\$ 5,694,705	\$ 5,500,303	\$ 5,963,037

Change in Net Assets

Governmental activities	349,652	444,916	177,606	323,854
Business-type activities	1,161,876	1,339,450	2,230,941	731,258
Total primary government	\$ 1,511,528	\$ 1,784,366	\$ 2,408,547	\$ 1,055,112

Engineering and infrastructure expenses were split out from Public Works expenses beginning in 2004.

The Community Development activity became an enterprise fund in 2005.

DELHI CHARTER TOWNSHIP
FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

Schedule 3
Unaudited

	For Fiscal Year Ended									
	1997	1998	1999	2000	2001	2002	2003*	2004**	2005	2006
General Fund										
Reserved	\$ 649,488	\$ 612,567	\$ 712,005	\$ 900,683	\$ 691,957	\$ 672,013	\$ 665,254	\$ 22,249	\$ 17,181	\$ 16,879
Unreserved	<u>1,668,886</u>	<u>1,901,910</u>	<u>2,302,862</u>	<u>2,375,616</u>	<u>2,985,265</u>	<u>3,227,804</u>	<u>3,336,559</u>	<u>3,594,274</u>	<u>3,478,017</u>	<u>2,810,035</u>
Total general fund	<u>\$ 2,318,374</u>	<u>\$ 2,514,477</u>	<u>\$ 3,014,867</u>	<u>\$ 3,276,299</u>	<u>\$ 3,677,222</u>	<u>\$ 3,899,817</u>	<u>\$ 4,001,813</u>	<u>\$ 3,616,523</u>	<u>\$ 3,495,198</u>	<u>\$ 2,826,914</u>
All other Governmental Funds										
Reserved	\$ 2,131,042	\$ 1,445,279	\$ 1,081,456	\$ 888,400	\$ 1,686,589	\$ 777,346	\$ 391,894	\$ 2,702	\$ 2,322	\$ 1,697
Unreserved, report in:										
Special revenue funds	201,011	35,447	194,770	297,972	562,649	937,156	1,322,000	620,877	1,047,526	1,423,826
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	716,789	626,900	161,259
Total all other governmental funds	<u>\$ 2,332,053</u>	<u>\$ 1,480,726</u>	<u>\$ 1,276,226</u>	<u>\$ 1,186,372</u>	<u>\$ 2,249,238</u>	<u>\$ 1,714,502</u>	<u>\$ 1,713,894</u>	<u>\$ 1,340,368</u>	<u>\$ 1,676,748</u>	<u>\$ 1,586,782</u>

* The Township implemented GASB Statement No. 34 in 2003. This resulted in an increase to the December 31, 2002 fund balance by \$282,719.

** Beginning fund balance was decreased by \$46,084 due to a restatement.

DELHI CHARTER TOWNSHIP
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

Schedule 4
Unaudited

	For Fiscal Year Ended									
	12/31/1997	12/31/1998	12/31/1999	12/31/2000	12/31/2001	12/31/2002	12/31/2003	12/31/2004	12/31/2005	12/31/2006
Revenues										
Taxes	\$ 2,070,332	\$ 2,190,081	\$ 2,313,957	\$ 2,476,857	\$ 2,629,030	\$ 2,795,846	\$ 2,949,759	\$ 2,837,256	\$ 3,083,557	\$ 3,325,504
Special assessments	135,900	175,692	167,931	243,690	131,084	161,804	99,388	332,282	283,497	302,707
Intergovernmental	3,117,865	2,128,899	3,131,950	4,446,262	2,393,690	2,399,756	2,009,211	2,233,400	1,948,687	1,896,685
Licenses and permits	431,979	311,979	383,024	380,096	393,015	470,019	635,989	470,630	16,262	17,215
Charges for services	583,859	658,713	700,629	775,989	867,014	939,730	1,021,182	1,209,400	1,233,289	1,387,884
Interest	331,063	374,804	314,093	388,208	319,561	221,106	85,582	123,919	196,732	354,870
Other	472,694	537,105	668,192	751,089	862,601	883,143	996,282	933,347	876,789	880,588
Total revenues	7,143,692	6,377,273	7,679,776	9,462,191	7,595,995	7,871,404	7,797,393	8,140,234	7,638,813	8,165,453
Expenditures										
Legislative	-	-	-	-	-	-	-	53,147	52,334	52,332
General government	1,202,312	1,251,213	1,370,781	1,459,692	1,611,891	1,754,695	1,837,345	2,036,617	1,907,548	2,046,388
Public safety	2,221,205	2,225,543	2,552,033	2,767,745	3,078,197	3,385,031	3,626,658	3,521,507	3,479,152	3,679,179
Engineering	-	-	-	134,497	141,279	146,671	130,891	141,751	60,529	-
Infrastructure	392,314	47,531	396,596	577,480	589,082	608,129	763,795	415,552	350,107	488,254
Community development	-	-	-	-	-	-	-	339,990	-	-
Recreation and cultural	357,205	381,335	395,447	422,114	488,186	504,547	546,032	615,878	622,949	630,761
Other	317,410	515,858	310,436	128,738	113,293	164,696	205,754	218,691	209,611	230,413
Debt service										
Principal	409,116	399,087	454,810	371,889	3,236,793	472,510	358,486	406,210	498,208	500,462
Interest	276,063	388,433	385,260	414,270	378,132	472,251	223,270	187,401	134,391	113,902
Capital outlay	2,743,261	1,838,547	3,249,101	5,442,424	2,523,716	2,748,868	619,059	1,690,847	219,857	1,201,701
Total expenditures	7,918,886	7,047,547	9,114,464	11,718,849	12,160,569	10,257,398	8,311,290	9,627,591	7,534,686	8,943,392
Excess of revenues over (under) expenditures	(775,194)	(670,274)	(1,434,688)	(2,256,658)	(4,564,574)	(2,385,994)	(513,897)	(1,487,357)	104,127	(777,939)
Other Financing Sources (Uses)										
Proceeds from long-term debt	2,240,910	-	1,328,000	-	2,325,000	1,032,300	-	500,000	-	24,710
Issuance of refunding debt	-	-	-	-	-	-	-	2,365,000	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(2,353,080)	-	-
Proceeds from sale of capital assets	26,367	50	20,901	12,410	60,000	31,332	8,178	250,476	110,928	-
Bond premium	-	-	-	-	-	-	-	12,229	-	-
Inter-entity transfers in	-	-	-	-	-	-	383,529	-	-	-
Transfers in	501,519	458,445	794,952	3,198,173	4,429,295	1,754,368	504,540	604,397	621,903	794,517
Transfers out	(734,019)	(443,445)	(413,275)	(782,347)	(785,932)	(744,147)	(504,540)	(604,397)	(621,903)	(799,534)
Total other financing sources (uses)	2,034,777	15,050	1,730,578	2,428,236	6,028,363	2,073,853	391,707	774,625	110,928	19,693
Net change in fund balances	\$ 1,259,583	\$ (655,224)	\$ 295,890	\$ 171,578	\$ 1,463,789	\$ (312,141)	\$ (122,190)	\$ (712,732)	\$ 215,055	\$ (758,246)
Debt service as a percentage of noncapital expenditures	13.2%	15.1%	14.3%	12.5%	37.5%	12.6%	7.6%	7.5%	8.6%	7.9%

DELHI CHARTER TOWNSHIP
ASSESSED VALUE AND
TAXABLE VALUE OF PROPERTY
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)

Schedule 5
Unaudited

Fiscal Year Ended December 31	Agricultural Property	Commercial Property	Industrial Property	Residential Property	Developmental Property	Personal Property	Total Taxable Value	Total Direct Tax Rate	Assessed Value	Taxable Value as a Percentage of Assessed Value
1997	\$ 2,597,396	\$ 51,922,935	\$ 4,764,975	\$ 279,136,494	\$ 1,553,164	\$ 27,346,700	\$ 367,321,664	5.9127	\$ 388,197,100	94.62%
1998	2,563,701	56,986,422	13,956,445	300,950,003	1,311,556	32,133,650	407,901,777	5.8450	441,437,518	92.40%
1999	2,498,491	61,889,050	7,055,162	320,676,112	1,226,560	36,685,100	430,030,475	5.7566	474,657,400	90.60%
2000	2,515,880	70,190,970	7,205,183	341,511,884	1,299,203	33,378,600	456,101,720	5.6629	505,140,500	90.29%
2001	1,967,143	76,790,522	7,522,536	375,826,884	1,437,989	37,343,115	500,888,189	5.6565	548,498,450	91.32%
2002	2,025,784	85,854,626	8,132,215	409,937,566	-	38,441,912	544,392,103	5.5880	609,018,900	89.39%
2003	2,318,418	86,532,326	13,766,815	442,823,750	-	40,306,800	585,748,109	5.5253	678,378,800	86.35%
2004	2,331,465	99,636,533	14,109,294	481,682,386	-	40,517,100	638,276,778	5.3370	740,946,400	86.14%
2005	2,590,787	111,556,779	15,460,638	525,702,625	-	45,210,400	700,521,229	5.3262	811,331,950	86.34%
2006	2,218,367	114,964,632	15,051,118	572,239,358	-	46,827,750	751,301,225	5.3282	867,761,750	86.58%

DELHI CHARTER TOWNSHIP
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(PER \$1,000 OF ASSESSED VALUATION)

Schedule 6
Unaudited

Fiscal Year Ended December 31	Delhi Charter Township				Overlapping Rates							Total Direct & Overlapping Rates
	Operating Millage	Fire Equip & Training Millage	Debt Service Millage	Total Township Millage	Ingham County Operating Millage	Ingham Intermediate School Millage	Lansing Community College Millage	State Education Tax	Holt School District			
									Operating Millage	Service Millage	Total School Millage	
1997	4.6006	0.5000	0.8121	5.9127	10.1883	6.1977	2.9355	6.0000	0.0000	7.0000	7.0000	38.2342
1998	4.5744	0.4972	0.7734	5.8450	10.1711	6.1913	2.9355	6.0000	0.0000	7.0000	7.0000	38.1429
1999	4.5391	0.4933	0.7242	5.7566	10.1438	6.1615	2.9220	6.0000	0.0000	7.0000	7.0000	37.9839
2000	4.5041	0.4895	0.6693	5.6629	10.4177	6.1354	2.9106	6.0000	0.0000	10.0000	10.0000	41.1266
2001	4.4698	0.4857	0.7010	5.6565	10.4348	6.1042	3.8926	6.0000	0.0000	10.0000	10.0000	42.0881
2002	4.4456	0.4830	0.6594	5.5880	11.6815	6.0738	3.8733	6.0000	0.0000	10.0000	10.0000	43.2166
2003	4.3940	0.4942	0.6371	5.5253	12.2489	6.0553	3.8544	5.0000	0.0000	10.0000	10.0000	42.6839
2004	4.3403	0.4881	0.5086	5.3370	12.2038	6.0291	3.8375	6.0000	0.0000	10.0000	10.0000	43.4074
2005	4.3094	0.4846	0.5322	5.3262	12.2566	5.9911	3.8112	6.0000	0.0000	10.0000	10.0000	43.3851
2006	4.3094	0.4846	0.5342	5.3282	13.1731	5.9881	3.8072	6.0000	0.0000	10.0000	10.0000	44.2966

Non-homestead school operating millage

1997	18.0000
1998	18.0000
1999	17.9298
2000	17.7791
2001	17.6724
2002	17.6724
2003	17.4674
2004	17.3171
2005	17.3171
2006	17.3171

DELHI CHARTER TOWNSHIP
TOP TEN PRINCIPAL
TAX PAYERS
CURRENT YEAR AND TEN YEARS AGO

Schedule 7
Unaudited

Taypayer	2006			1997		
	Tayable Value	Rank	Percentage of Total City Taxable Value	Taxable Value	Rank	Percentage of Total City Taxable Value
RSDC of Michigan, LLC	\$ 29,427,100	1	3.9%			
Consumers Energy	9,928,092	2	1.3%	\$ 9,466,851	1	2.6%
Tailor Steel America, LLC	8,654,600	3	1.2%			
Woodland Lakes Investment Group	7,245,284	4	1.0%			
Dart Container Corp of MI	5,222,488	5	0.7%	3,420,850	2	0.9%
Bondarenko Ltd LLC	4,531,431	6	0.6%			
Parker Hannifin Corp	4,063,200	7	0.5%			
Stealth Medical Technologies LLC	4,001,400	8	0.5%			
Theroux Development Co	3,296,242	9	0.4%	2,459,887	3	0.7%
Magna Interior Systems	2,831,500	10	0.4%			
Huntley Villa I & II				1,962,200	4	0.5%
Save-A-Lot				2,357,000	5	0.6%
Delhi Village LTD Partnership				1,898,510	6	0.5%
Cedar Village				1,888,400	7	0.5%
Media One				1,790,350	8	0.5%
Stonegate				1,459,600	9	0.4%
Spartan International				1,186,700	10	0.3%

DELHI CHARTER TOWNSHIP
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Schedule 8
Unaudited

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected with the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 2,034,438	\$ 2,025,889	99.6%	\$ 25,593	\$ 2,051,482	100.8%
1998	2,171,349	2,162,319	99.6%	12,388	2,174,707	100.2%
1999	2,386,263	2,379,593	99.7%	13,578	2,393,171	100.3%
2000	2,471,213	2,464,583	99.7%	24,338	2,488,921	100.7%
2001	2,578,062	2,567,827	99.6%	111,904	2,679,731	103.9%
2002	2,830,963	2,803,073	99.0%	64,402	2,867,475	101.3%
2003	3,039,438	3,031,870	99.8%	34,801	3,066,671	100.9%
2004	3,360,749	3,337,169	99.3%	51,127	3,388,296	100.8%
2005	3,539,253	3,528,780	99.7%	66,269	3,595,049	101.6%
2006	3,843,446	3,841,629	100.0%	51,976	3,893,605	101.3%

Ingham County reimburses the Township for all delinquent real property tax.
Delinquent personal property tax, interest, and penalty is collected in subsequent years.

DELHI CHARTER TOWNSHIP
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Schedule 9
Unaudited

Fiscal Year	Governmental Activities						Business-type Activities				Total Primary Government	Per Capita*
	General Obligation Bonds	Special Assessment Bonds	General Assessment Payable	Note Payable	Capital Lease	Installment Purchase Agreement	General Obligation Bonds	Special Assessment Bonds	Revenue Bonds	Notes Payable		
1997	\$ 3,615,000	\$ 1,069,409	\$ -	\$ 364,336	\$ -	\$ -	\$ 1,035,000	\$ 2,754,441	\$ 46,000	\$ 9,181,566	\$ 18,065,752	838
1998	3,490,000	957,498	-	202,160	-	-	955,000	2,495,402	16,000	9,097,368	17,213,428	786
1999	3,350,000	840,587	-	35,000	97,260	-	885,000	2,240,613	5,000	8,489,303	15,942,763	717
2000	3,190,000	727,676	-	-	33,282	-	805,000	1,993,324	-	7,904,857	14,654,139	649
2001	3,005,000	620,165	-	-	-	-	750,000	1,751,835	-	7,548,173	13,675,173	596
2002	3,832,300	507,654	-	-	-	-	5,857,700	1,510,346	-	6,617,345	18,325,345	785
2003	3,572,325	409,143	378,823	-	-	-	8,172,675	1,268,857	-	5,932,374	19,734,197	831
2004	3,339,025	317,750	357,306	-	-	500,000	7,940,975	1,031,250	-	5,248,259	18,734,565	777
2005	2,984,060	229,357	335,789	-	-	466,667	7,620,940	793,643	-	4,535,000	16,965,456	692
2006	2,597,430	160,964	194,410	-	-	433,379	7,287,570	596,036	-	3,985,000	15,254,789	612

* Based on population estimates.

DELHI CHARTER TOWNSHIP
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Schedule 10
Unaudited

Fiscal Year	General Obligation Bonds	Percentage of Taxable Value of Property	Per Capita*
1997	\$ 3,615,000	0.98%	\$ 167.71
1998	3,490,000	0.86%	159.41
1999	3,350,000	0.78%	150.69
2000	3,190,000	0.70%	141.34
2001	3,005,000	0.60%	130.89
2002	3,832,300	0.70%	164.15
2003	3,572,325	0.61%	150.50
2004	3,339,025	0.52%	138.41
2005	2,984,060	0.43%	121.73
2006	2,597,430	0.35%	104.24

* Based on population estimates.

DELHI CHARTER TOWNSHIP
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2006*

Schedule 11
Unaudited

Jurisdiction	Net General Bonded Debt Outstanding	Percent Applicable to Delhi	Amount Applicable to Delhi
Holt School District	\$ 108,895,865	84.31%	\$ 91,810,104
Mason School District	29,600,000	9.89%	2,927,440
Lansing School District	72,390,000	0.04%	28,956
Eaton Rapids School District	51,690,000	0.96%	496,224
Ingham County	33,777,786	9.73%	3,286,579
Ingham Intermediate School District	1,850,000	0.18%	3,330
Lansing Community College	56,405,000	6.89%	<u>3,886,305</u>
Subtotal, overlapping debt			102,438,937
Delhi Charter Township direct debt	15,254,789	100.00%	<u>15,254,789</u>
Total direct and overlapping debt			<u><u>\$ 117,693,726</u></u>

Source: Municipal Advisory Council of Michigan

* School and county debt is as of 6/30/2006.

DELHI CHARTER TOWNSHIP
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Schedule 12
Unaudited

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	\$ 38,819,710	\$ 44,143,752	\$ 47,465,740	\$ 50,514,050	\$ 54,849,845	\$ 69,001,890	\$ 67,837,880	\$ 74,094,640	\$ 81,133,195	\$ 86,776,175
Total net debt applicable to limit	18,300,336	17,703,160	18,332,260	19,638,292	17,770,614	22,340,962	23,948,262	22,510,710	20,498,349	18,772,870
Legal debt margin	20,519,374	26,440,592	29,133,480	30,875,758	37,079,231	46,660,928	43,889,618	51,583,930	60,634,846	68,003,305
Total net debt application to the limit as a percentage of debt limit	47.14%	40.10%	38.62%	38.88%	32.40%	32.38%	35.30%	30.38%	25.27%	21.63%

Legal Debt Margin Calculation for Fiscal Year 2006

2006 State Equalized Valuation (SEV)	867,761,750
	x 10%
Legal Debt Limit (10% of SEV)	<u>86,776,175</u>
Direct General Obligation Debt	19,529,870
Less:	
Special Assessment Bonds	<u>757,000</u>
Net Direct Debt	<u>18,772,870</u>
Debt Limit Margin	<u><u>\$ 68,003,305</u></u>

DELHI CHARTER TOWNSHIP
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Schedule 13
Unaudited

Fiscal Year	Population (estimated)	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate ¹
1997	21,555	n/a	n/a	n/a	5,330	3.2%
1998	21,893	n/a	n/a	n/a	5,335	3.3%
1999	22,231	n/a	n/a	n/a	5,328	2.7%
2000	22,569	538,158	23,845	35.9	5,329	2.6%
2001	22,958	n/a	n/a	n/a	5,308	3.6%
2002	23,347	n/a	n/a	n/a	5,507	4.2%
2003	23,736	n/a	n/a	n/a	5,705	5.0%
2004	24,125	n/a	n/a	n/a	5,866	6.4%
2005	24,514	n/a	n/a	n/a	5,947	6.2%
2006	24,917	n/a	n/a	n/a	6,005	6.4%

¹ Unemployment rate in Ingham County.

Source: Michigan Employment Security Commission, 2000 U.S. Census

DELHI CHARTER TOWNSHIP
PRINCIPAL EMPLOYER
CURRENT YEAR AND NINE YEARS AGO

Schedule 14
Unaudited

Employer	2006		1997		
	Employee	Rank	Percentage of Total Township Employment	Employee	Rank
Holt Public Schools	625	1		716	1
RSCD of Michigan, LLC	272	2			
Granger Construction	250	3			
Dakkota Integrated Interiors	180	4			
Stealth Engineering & Technologies	115	5			
Parker-Hannifin Corporation	109	6			
Delhi Charter Township	101	7			
Lansing Christian School	100	8			
Holt Products Company Inc.	44	9		100	4
Dart Container	43	10			
Spartan International				190	2
McLean Screen Print Inc				110	3
Molded Plastic Industries				100	5
Vinylast Inc.				40	6
Grable & Sons Metal Products				35	7
IDC Corp				30	8
Spartan Sign				28	9
Grand Rapids Sash & Door				25	10

Source: Lansing Regional Chamber of Commerce and the Township

DELHI CHARTER TOWNSHIP
FULL-TIME EQUIVALENT TOWNSHIP GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Schedule 15
Unaudited

Function	Full-time Equivalent Employees as of December 31									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government	n/a	16.75	16.75	17.25	18.00	19.00	20.50	20.50	20.00	20.00
Public Safety										
Police										
Officers	n/a	18.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00
Civilians	n/a	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Fire										
Firefighters and officers	n/a	12.70	13.00	14.70	16.40	18.60	17.30	17.20	17.00	17.30
Civilians	n/a	1.50	1.50	1.50	2.00	2.00	1.50	1.50	1.50	1.50
Public Works	n/a	19.00	20.50	20.50	23.50	23.50	24.50	25.50	26.50	26.00
Engineering	n/a	2.00	2.00	2.00	2.00	2.00	1.50	1.50	-	-
Community Development	n/a	6.50	6.00	5.50	6.00	6.00	6.00	6.00	7.00	7.00
Recreation and Culture	n/a	5.00	5.00	5.00	5.00	5.00	5.00	5.50	4.50	5.00
Total	n/a	82.95	87.25	88.95	95.40	98.60	98.80	100.20	99.00	99.30

DELHI CHARTER TOWNSHIP
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Schedule 16
Unaudited

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Fire										
Number of Calls	1,279	1,474	1,408	1,676	1,750	1,742	1,850	1,818	2,063	2,065
Inspections	n/a	n/a	40	785	925	900	1,178	957	1,188	1,046
Burning/Recreational Permits	n/a	n/a	1,138	1,306	1,329	1,472	1,331	1,964	1,901	1,367
Police										
Number of Traffic Accidents	782	747	724	791	747	955	890	779	872	736
Number of Written Complaints	4,555	4,687	4,484	5,492	5,530	4,878	4,673	4,644	4,525	4,459
Number of Miles Driven	170,354	154,790	137,627	8,834	137,844	105,366	198,475	174,376	163,754	193,006
Vehicle Stops	7,077	6,509	6,038	4,855	6,744	8,048	8,013	7,011	5,609	5,429
Accounting										
Number of W-2's processed	n/a	383	339	404	406	447	369	345	293	356
Number of payroll checks processed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2,933	2,456	2,614
Number of purchase orders processed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,314	1,061	873
Number of accounts payable checks processed	n/a	2,774	2,743	2,975	3,312	3,159	2,992	3,571	2,753	2,830
Assessing										
Number of Field Inspections	n/a	n/a	n/a	n/a	206	403	1,438	2,226	1,242	n/a
Clerk's Office										
Number of FOIA requests	n/a	n/a	n/a	45	18	43	56	122	77	56
Number of pages scanned/microfilmed	n/a	36,000	38,400	87,500	70,200	60,000	64,000	113,708	73,166	21,452
Elections										
Number of Registered Voters	14,406	14,402	14,151	14,923	15,084	15,294	15,734	16,578	16,804	16,723
Number of Permanent Absentee Voters	n/a	1,109	1,065	1,170	1,361	1,337	1,251	1,251	1,815	1,766
Treasurer's Office										
Average Number of Sewer Bills per Month	5,285	5,700	5,647	5,871	6,037	6,187	6,435	6,852	7,000	7,150
Number of Tax Bills-Two billings/year beg, 2003	7,600	7,600	8,262	9,577	9,872	9,969	18,187	18,534	19,154	19,875
Culture & Recreation										
Number of Athletic Teams	n/a	n/a	241	236	236	244	247	242	253	290
Number of Sr. Citizens Trips	n/a	n/a	8	6	6	6	8	8	8	8
Tennis Lessons	n/a	n/a	215	227	309	261	204	201	196	200
Wastewater										
Average daily sewage treatment (millions of gallons per day)	1.82	2.03	1.95	2.36	2.64	2.31	2.12	2.87	2.23	3.00
Community Development										
Permits Issued	1,587	1,615	1,744	1,633	1,831	1,970	2,287	2,136	1,858	1,526
Code Enforcement Complaints	n/a	n/a	n/a	1,687	1,203	1,127	1,718	547	677	592

DELHI CHARTER TOWNSHIP
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Schedule 17
Unaudited

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Safety										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Culture and Recreation										
Parks Acreage	74	74	74	79	85	95	95	110	110	110
Parks	5	5	5	5	6	7	7	8	8	9
Senior Center	1	1	1	1	1	1	1	1	1	1
Buildings	2	2	2	2	2	2	2	2	2	2
Tennis Courts	8	8	8	8	8	8	8	8	8	8
Sewer										
Sanitary Sewers (miles)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	128.6
Maximum daily treatment capacity (millions of gallons)	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	4	4
General Government										
Cemeteries	1	1	1	1	1	2	2	2	2	2
Community Service Center	1	1	1	1	1	1	1	1	1	1



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



April 9, 2007

To the Board of Trustees of the
Charter Township of Delhi
Holt, Michigan

We have audited the financial statements of the Charter Township of Delhi for the year ended December 31, 2006, and have issued our report thereon dated April 9, 2007. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated January 11, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the Charter Township of Delhi. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Charter Township of Delhi are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Charter Township of Delhi during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future. We evaluated the key factors and assumptions used to develop the useful lives of those assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Charter Township of Delhi's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Charter Township of Delhi, either individually or in the aggregate, indicate matters that could have a significant effect on the Charter Township of Delhi's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Charter Township of Delhi's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit.

This letter and the accompanying memorandum are intended for the use of the Township, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large initial 'L'.

CHARTER TOWNSHIP OF DELHI

Comments and Recommendations

For the Year Ended December 31, 2006

During our audit we became aware of certain issues regarding internal control and financial reporting. This memorandum summarizes our comments and suggestions regarding these matters. This memorandum does not affect our report dated March 28, 2007 on the financial statements of the Charter Township of Delhi.

OPEB Liability

The Charter Township of Delhi, as well as other governmental units which offer other post employment benefits (health and life insurance benefits to retirees, or "OPEB") are going to require recording the annual cost and liability in the annual financial statements. Up until this new accounting standard is implemented, governmental units, including the Township, have been on a "pay as you go" or cash basis to reflect these costs in their financial statements. This accounting treatment stays in place for the Township through the fiscal year ended December 31, 2007. Then, for fiscal year 2008, this new reporting standard will require an actuarial report in order to determine funding requirements to force recording of a liability while service is rendered (normal cost), plus an adjustment for past service costs (called amortization of actuarial accrued liability).

The amount of the annual "ARC" expense must be recorded on each entity's financial statements. To the extent that this annual "ARC" amount is not currently funded, the under-funding must be reported on the entity's balance sheet as a liability.

This comment is intended as an informational point. Accordingly, the Township should make sure all preparations and forecasts are addressed as the implementation date draws nearer.

Internal Control

Presently, the payroll register report is reviewed in the Human Resources Department for pay rate or other changes that were initiated for that payroll cycle. In order to enhance the controls in this area, we recommend that a representative of Human Resources initial the register by the net pay computation for those payees whose master data has changed to document that the change or changes have processed correctly.

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